



Annual Report

2015-2016



PBNI

Probation Board
for Northern Ireland

**Probation Board for Northern Ireland Annual Report and Accounts
For the year ended 31 March 2016**

The Annual Report is laid before the Northern Ireland Assembly under paragraph 2 of Schedule 3 to the Probation Board (Northern Ireland) Order 1982 as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010 by the Department of Justice.

The Statement of Accounts and Report of the Comptroller and Auditor General is laid before the Northern Ireland Assembly under paragraph 2 of Schedule 3 to the Probation Board (Northern Ireland) Order 1982 as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010 by the Comptroller and Auditor General for Northern Ireland.

on

1 July 2016

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CHAIRMAN'S FOREWORD

I am delighted to present the Probation Board for Northern Ireland's (PBNI) annual report for 2015/16. PBNI is a Non-Departmental Public Body (NDPB) established by the Probation Board (NI) Order 1982. The Board is tasked with providing an adequate and efficient probation service and is responsible for determining its policy within the broad parameters set by Government and for monitoring the service's performance against objectives. The structure of the Probation Board as an arms-length body introduces a level of independence, accountability, flexibility, oversight and strategic thinking which is to the benefit of probation practice and delivery.

In September 2015 Justice Minister David Ford announced the appointment of six new Board members and the re-appointment of seven members including myself as Chairman. I want to pay tribute to those colleagues who completed their terms as Board members in 2015. Their contribution has been greatly valued. Indeed I believe that Board members have, throughout the past year, helped to significantly advance PBNI's role as a key player within the criminal justice system.

In March 2016 the Board held a seminar 'Probation in Focus' which marked the launch of the consultation process for our corporate plan 2017-20. This was also an opportunity to reflect on and promote probation's role within criminal justice and to look ahead at how we can contribute to building greater confidence in criminal justice and enhance community safety. The seminar, which was a first for PBNI, brought together a range of stakeholders from criminal justice and government as well as the voluntary and community sector and the business community.

The event and the media coverage that followed has undoubtedly helped remind the public of probation's significant role in preventing those sentenced for a crime from reoffending through effective supervision and targeted interventions. We have a central role in helping deliver a fairer and faster justice system that has victims at its core. In the coming year we will continue our engagement with a range of stakeholders promoting our practice and presenting evidence of how probation works for all as we seek to develop a new Corporate Plan.

As part of the modernisation of delivery of probation in Northern Ireland and to meet the needs of continuing budget cuts, the Board commissioned an Organisation Development Review two years ago. One of the outworkings of that Review was the development of a workforce modernisation programme which commenced in March 2015. Since 2010 PBNI has had to absorb an overall cut of 13%. In order to manage within a much reduced budget the steps taken in this work have been critical in helping us maintain effectiveness. For example, the estates programme has seen the closure of five reporting centres as well as offices in Antrim and Belfast. Staff and services have now been relocated and, in addition to rationalising our estate, we have also made significant changes to

our practice standards. Recognising the need to work differently and to support and enable staff to carry out their functions, new practice standards have been developed and we continue to prioritise our use of resources in order to best protect the public.

As part of our governance oversight during the past year the Board has also reviewed a range of policies including policies in relation to Hate Crime policy, Procurement and Health and Safety. During the year, the Board reviewed its own effectiveness and as a result changed the committee structure to replace the General Purposes Committee with two Committees focusing on different areas of work, namely the Policy & Practice Committee and the Corporate Resources Committee. These have proven to be very effective and add value to the work of the Board.

PBNI provides a public service to local communities throughout Northern Ireland, indeed our staff are part of the local community. Therefore the attack on a PBNI office last year in Derry City was an attack not only on probation but the local community. We appreciated the messages of support from partners, politicians and local groups in the aftermath of this incident and we made clear that it would in no way detract us from our work to make local communities safer.

There is no doubt that PBNI is an effective and successful organisation. Going forward I believe PBNI is in a strong and sound position to continue its work rehabilitating offenders in NI, working in partnership with our criminal justice partners and enhancing our links with communities to help keep communities safer. I want to pay tribute to the current (Acting) Director, Ms C Lamont her Executive Team and all staff who continue to drive forward new initiatives and innovative projects to address offending behaviour and reduce crime through an approach of challenge and change.

I have no doubt that Probation will continue to deliver on our aim of Changing Lives for Safer Communities throughout Northern Ireland.

Mrs V Patterson MBE

Chairman

INTRODUCTION FROM THE (ACTING) DIRECTOR OF PROBATION

If I could use one word to describe the last 12 months within the Probation Board for Northern Ireland (PBNI) it would be 'innovation'. For over the last year PBNI has developed and delivered a range of new projects and initiatives which are helping prevent reoffending and build confidence in the criminal justice system.

In October 2015 PBNI rolled out a pilot to provide a more intensive community sentence to prevent reoffending. The pilot was developed in response to a request from the Lord Chief Justice, Sir Declan Morgan who invited PBNI to consider how to assist in reducing the number of short term prison sentences with an enhanced community disposal. Our response was to develop 'ECO', the Enhanced Combination Order as a pilot in the Court Divisions of Armagh & South Down and Ards. This order brings together elements of community supervision such as community service and restorative justice, with a focus on rehabilitation, reparation, restorative practice and desistance. One particularly innovative element of this project has been the opportunity for victims to co-design plans of work with offenders. This project not only makes communities safer and protects victims but has the potential to make significant savings across criminal justice.

In June 2015 we began piloting a mentoring programme for offenders to assist in them in the critical 12 weeks following release from custody when the risk of reoffending and recall is much higher. The 'Reset' mentoring programme was designed to provide the practical support that we know is so important to support desistance from crime. Mentors are assisting offenders get suitable accommodation, register with a GP, look at welfare entitlements and access support for training and return to employment. Mentees have described this project as 'life changing' and an evaluation carried out by the Northern Ireland Statistical and Research Agency has shown there was a reduction in the number of recalls to prison for those being mentored and concluded that the evidence highlighted that Reset is making good progress towards meeting its objectives.

PBNI hosted the sixth annual Cross-Border Public Protection Seminar in Belfast City Hall in 2015. Themed "Innovation for Safer Communities", the seminar brought together staff working in public protection across the justice system – probation, police, prison - to enhance collaboration and share learning between partners. This event enabled staff in police, probation and prisons to share best practice and learn from others' experience. PBNI alongside PSNI presented on developments in tackling Hate Crime. This has been an area where substantial progress has been made with staff within the organisation receiving cultural competency training and an intervention on 'accepting differences' being piloted to challenge offenders' views.

This year our innovation has been recognised through a number of awards. One member of staff was recognised by the Butler Trust and we also received an Innovation in Social Work award.

As well as the operational work we have delivered, PBNI has made a significant contribution to helping build confidence across criminal justice. Through PBNI's communications strategy we have enhanced our digital communications and in March 2015 commenced a month long social media campaign #ProbationWorks. This campaign is aimed at helping people better understand our role and how we prevent reoffending. We have also continued to attend PCSPs and contributed to the delivery of local solutions to local community safety issues.

While communication externally is vitally important, and we have developed a newsletter which we launched in January 2016 specifically for Sentencers, communication internally is equally important. I was therefore delighted to be able to hold four regional staff days to engage and talk to staff working across Northern Ireland. The staff days provided an opportunity to generate new ideas and hold conversations with a range of staff groups. I have no doubt we will shortly see the outworkings of many of the ideas generated during those staff days.

Of course in the past year PBNI also had to deal with the aftermath of an explosion at its office in Crawford Square. The attack did not prevent staff continuing their work within the local community and it is testament to our staff that they were back working the following day delivering services to help make communities safer.

Within PBNI we are fortunate to have a rich mix of staff across probation grades, psychology, corporate services and management – all of whom support our overall aim of changing lives for safer communities. I want to finish by paying tribute to those staff and thank them for their contribution to making NI safer.

Ms C Lamont

(Acting) Director of Probation

THE PERFORMANCE REPORT

The Performance Report comprises the:

- Overview; and
- Performance Analysis.

Overview

Statement from the Acting Director of Probation on the overview of performance in 2015-16

The Probation Board for Northern Ireland (PBNI) set 10 Business Plan objectives for the business year April 2015 to March 2016. The objectives were arranged under the five Strategic Themes of the PBNI Corporate Plan 2014-2017, which are outlined below. By the end of the fourth quarter of the year, 31 March 2016, eight objectives had a green rating and were fully delivered; two objectives had an Amber rating; with one action under each objective not met.

The performance of the organisation against the backdrop of substantial budget cuts has been of a very high standard with a range of new initiatives implemented to enhance rehabilitation and resettlement of those who have offended.

1. Developing Probation Practice

In the last year PBNI developed and implemented a strategic approach to Service User engagement that better informs Probation Practice. PBNI carried out an offender survey and undertook research to better inform our practice. A new approach to Interventions was also developed and piloted.

2. Engaging with Communities

A delivery model for the use of volunteers has been implemented to assist probation officers in their role rehabilitating and resettling offenders. Volunteers have been recruited across NI and training has been provided to them.

3. Working Effectively and Efficiently

A workforce modernisation plan has been developed and is being implemented and staff have been supported through a continuing period of change with effective and timely communications. Organisational policies have been reviewed and a new policy template developed to ensure policies

are meaningful and understood by staff. While an implementation plan to support front line PBNI's IT Strategy was developed, one action under that objective was not achieved i.e. in conjunction with other Criminal Justice partners, identifying a preferred option for a replacement case management system. PBNI did develop a Revised Strategic Outline case but due to contractual issues, information security requirements and financial pressures, a preferred option has not yet been agreed by all partners.

4. Rehabilitation through Collaborative Working and Partnership

A range of innovative opportunities have been explored to enhance probation practice including the introduction of 'Reset', an intensive mentoring project for offenders released from prison and the piloting of the Enhanced Combination Order as an alternative to short prison sentences. We have also engaged with other Departments and Criminal Justice Organisations on common areas of work including with the Public Health Agency and Policing and Community Safety Partnerships (PCSPs). A PBNI social media campaign called #Probationworks was launched 14 March 2016.

5. Northern Ireland Criminal Justice Strategy and Policy

Two pilot Restorative Justice projects were established and PBNI Area Managers have contributed to the development and training and action plans of the new PCSPs. While the promotion of PBNI's Victim Information Scheme to vulnerable minority groups was addressed, due to affordability and value for money concerns, PBNI's Probation Information Management System has not been updated to record equality information therefore an action under this objective has an amber rating. However diversity needs assessment for all new cases was introduced in April 2015.

It is clear that the vast majority of objectives and actions have been achieved in the last business year. This has been no mean feat given the budgetary constraints we have faced. I want to pay tribute to all of the staff within the organisation whose dedication, commitment and hard work has made this possible. I also want to acknowledge the governance and support of our Chairman and Board and the engagement with our sponsoring directorate, Safer Communities.

Statement of purpose and activities of the organisation

The Probation Board is a Non-Departmental Public Body sponsored by the Department of Justice; its statutory responsibilities are set out in the Probation Board (NI) Order 1982. The mandatory functions of the Board are to:

- secure the maintenance of an adequate and efficient probation service;

- make arrangements for persons to perform work under Community Service Orders;
- provide such probation officers and other staff as the Department of Justice considers necessary to perform social welfare duties in Prisons and Young Offender Centres; and
- undertake such other duties as may be prescribed.

The discretionary functions are to:

- provide and maintain probation hostels and other establishments for use in connection with the supervision and assistance of offenders;
- provide and maintain bail hostels;
- make and give effect to schemes for the supervision and assistance of offenders and the prevention of crime; and
- make arrangements with voluntary organisations or any other persons (including Government Departments and public bodies) to:
 - provide and maintain such hostels and other establishments as mentioned above; and
 - give effect to schemes for the supervision and assistance of offenders and the prevention of crime.

The Probation Board plays an important role at each of the key stages of the criminal justice process at court, in custody and in the community and with victims of crime through the Victim's Unit. As an effective part of the criminal justice system, the Probation Board helps to reduce levels of offending, prevent further victims of crime and also contributes to increasing community confidence in the Northern Ireland criminal justice system.

The main strands of the Probation Board's work are to:

- Assess convicted offenders and prepare 8,255 reports to assist decision-making in the criminal justice process
- It provides around 175,000 hours of unpaid work to the community through the community service scheme.
- As at 31 March 2016 supervise 4,209 offenders subject to 4,576 Court Orders or licences.
- Provide a range of services to offenders in prisons
- Provide behavioural change programmes
- Offer a Victim Information Scheme

- Work with partner organisations to manage the risk posed by the most serious offenders as part of the Public Protection Arrangements.

Judges have a range of sentencing options available to them to deal with young people and adults who are found guilty of a criminal offence. These range from monetary disposals (such as fines), to community service which requires the completion of unpaid work, other sentences which are based in the community, to prison sentences which require a person to comply with licence conditions when released from custody.

When conducting its work, the Probation Board seeks to:

- Ensure that offenders keep to the requirements of their court order or conditions of a licence
- Challenge offenders to produce positive changes in behaviours and attitudes to reduce the likelihood of future offending
- Minimise harm to others and promote the safety of victims working in multi-agency risk management arrangements
- Promote responsible citizenship so that offenders will become better integrated into the community.
- Provide support to improve and safeguard the social well-being of individuals, families and communities.

The Probation Board supervises:

- Probation Orders
- Community Service Orders
- Combination Orders
- Custody Probation Orders
- Determinate Custodial Sentences
- Extended Sentences for Public Protection
- Indeterminate Sentences for Public Protection
- Juvenile Justice Centre Orders
- Life Licences
- Other Orders (e.g. Supervision and Treatment Orders and Community Responsibility Orders)

Partnership work underpins everything that probation does and it works with statutory partners as well as organisations in the voluntary and community sector.

The focus of all of the work undertaken by the Probation Board is to reduce offending and make communities safer.

Key issues and risks

At the beginning of the 2015-16 financial year, five risks were logged on PBNI's strategic risk register, none of which were rated red (assessed as high likelihood of occurring and if risk were to occur it would have a severe impact on the organisation). At the end of the 2015-16 financial year there were six risks, one of which was rated red. This risk relates to the potential failure of PBNI's ageing case management system. This risk resulted in the amber status and partial achievement of objectives 7 and 10 (see Performance Analysis).

Going Concern

During 2015-16, the Probation Board was financed by a grant from the Department of Justice Request for Resources 1 (Supporting and developing an efficient, effective and responsive Criminal Justice System) the statutory authority being Article 7 (1) of the Probation Board (Northern Ireland) Order 1982 as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010.

In compliance with International Accounting Standard (IAS) 19, the Probation Board has had to recognise a pension scheme liability of £6,039k on its statement of financial position (£9,573k in 2014-15). This year this has resulted in overall net liabilities of £4,870k (£9,002k in 2014-15). The Probation Board has paid pension contributions to NILGOSC in accordance with the scheme's specifications.

As the Probation Board will have the on-going support and funding of the Department of Justice, the net liabilities resulting from the pension scheme deficit will not affect the Probation Board's ability to fulfil its functions, and the Probation Board will be able to meet whatever contributions are necessary to comply with NILGOSC's plan to make good the pension scheme deficit. It is therefore appropriate for the Probation Board's accounts to continue to be prepared on a going concern basis.

Performance Summary

2015-16 was the second year of the 2014-17 Corporate Plan. It identified five strategic themes:

- Developing Probation Practice
- Engaging with Communities
- Working Effectively and Efficiently
- Rehabilitation through Collaborative Working and Partnership
- Northern Ireland Criminal Justice Strategy and Policy

The Probation Board’s three year Corporate Plan is delivered through a series of Annual Business Plans. Key organisational objectives for 2015-16 Business Plan and the year-end achievements are listed below. There were a total of 10 objectives and overall performance is described within the categories below:

Green: Achieved

Amber: Partially Achieved

Red: Not Achieved

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Strategic Theme	Green	Amber	Red
DEVELOPING PROBATION PRACTICE	2		
ENGAGING WITH COMMUNITIES	1		
WORKING EFFECTIVELY AND EFFICIENTLY	3	1	
REHABILITATION THROUGH COLLABORATIVE WORKING AND PARTNERSHIP	1		
NORTHERN IRELAND CRIMINAL JUSTICE STRATEGY AND POLICY	1	1	
TOTAL	8	2	

- Eight business plan objectives were fully achieved
- Two business plan objectives were partially achieved

Performance against objectives under these Strategic Themes is provided in the Performance Analysis section.

Performance Analysis

PBNI manages performance against the 2015-16 Business Plan Objectives. Progress is monitored on a quarterly basis by the Senior Management Team and results are reported to the Board. PBNI's Sponsoring Directorate within the Department of Justice (DoJ) also receive a progress report each quarter. The performance against the 2015-16 Business Plan Objectives is set out in the table below:

Developing Probation Practice

Objective	Actions	Outcome
1. Develop and implement a strategic approach to Service User engagement that better informs Probation Practice.	<ol style="list-style-type: none"> 1. Undertake an Offender Survey. 2. Work with DoJ to source further reoffending information on offenders supervised by Probation Board for Northern Ireland (PBNI), in order to assist our understanding of the effectiveness of probation in reducing reoffending. 3. Analyse existing administrative data in such a way as to improve our understanding of the outputs and outcomes achieved for a cohort of offenders as they progress through PBNI supervision. 4. Respond to actions arising from the Sentencer and Parole Commissioner Surveys. 5. Year 3 of the Communications Strategy will prioritise the promotion of PBNI's narrative, this included: Promotion of PBNI's work with Sentencers and Parole Commissioners, including establishing feedback arrangements; Stories of success from practitioners for example Use of Information Technology (IT)/Podcasts to tell stories. 	Achieved
2. To initiate and pilot a new approach to Interventions in line with the Organisational Development (OD) Programme of Work	<ol style="list-style-type: none"> 1. Review of current Programmes available in PBNI. 2. Develop a new model for service delivery, informed by best practice and staff engagement. 3. Pilot model in a geographical area. 	Achieved

Engaging with Communities

Objective	Actions	Outcome
3. Implement a delivery model for the use of volunteers	<ol style="list-style-type: none"> 1. Review evaluation of PBNI Volunteer Scheme and engage with Community and Voluntary Sector (CVS) and statutory organisations to explore best practice. 2. Explore Funding options. 3. Appoint a PBNI Volunteer Co-ordinator to deliver PBNI's preferred model. 4. Implement (a volunteering) model. 	Achieved

Working Effectively and Efficiently

Objective	Actions	Outcome
4. Develop and implement a workforce modernisation plan	<ol style="list-style-type: none"> 1. Review Organisation (Operational and Corporate) Structure. 2. Conduct benchmarking of organisational practice – service delivery and business support functions. 3. Verify the delivery of business is in line with ‘lean’ principles. 4. Determine staffing requirements by grade. 5. Make recommendations for future organisational structure. 6. Implement Recommendations from Tranche 2 of the Systems Review and any other outstanding Organisational Recommendations. 7. Progress the recommendations of the Senior Management Team review. 8. Review PBNI service delivery in prisons as a consequence of NIPS proposal to reduce PBNI’s budget. 	Achieved
5. Make recommendations for the appropriate number of policies to assist PBNI in conducting future business	<ol style="list-style-type: none"> 1. Identify policies that could be discontinued or amalgamated. 2. Review policy template and policy framework/procedures. 3. Training for Policy Authors. 4. Agree Policy Schedule with PBNI Board. 	Achieved
6. To support PBNI staff through a continuing period of change	<ol style="list-style-type: none"> 1. Introduce an e-appraisal system for staff. 2. Develop a Change Protocol with Unions. 3. Organise and deliver Staff Engagement events. 4. Undertake Staff Consultations. 5. Review Internal Communications. 6. Implement Investors In People (IIP) 2014-15 Assessment Recommendations. 7. Review of relevant training interventions 8. Provision of resilience training. 	Achieved

Objective	Actions	Outcome
7. To develop an implementation plan for PBNI’s IT Strategy and deliver Year 1 Actions to support front line services	<ol style="list-style-type: none"> 1. Implement Year 1 Actions of the IT Strategy. 2. Maximise the potential of Digitalisation informed by practice requirements, including remote access working. 3. In conjunction with other Criminal Justice partners, identify a preferred option for a replacement case management system. PBNI developed a Revised Strategic Outline case but due to contractual issues, information security requirements and financial pressures, a preferred option has not yet been agreed by all partners. 	Partially Achieved

Rehabilitation Through Collaborative Working and Partnership

Objective	Actions	Outcome
8. Explore opportunities to enhance and support Probation Practice	<ol style="list-style-type: none"> 1. Deliver the Intensive Resettlement and Rehabilitation Project. 2. Identify Practice Priorities. 3. Identify and apply where appropriate for funding streams to meet these priorities. 4. Promote PBNI Practice across the Criminal Justice System/NI Executive/Republic of Ireland/Europe. 	Achieved

Northern Ireland Criminal Justice Strategy and Policy

Objective	Actions	Outcome
9. Engage with other Departments and Criminal Justice Organisations on common areas of work	<ol style="list-style-type: none"> 1. Within available resources, implement the unadjudicated Domestic Violence Programmes and work with partner agencies to introduce non-adjudicated Sexual Offender Programmes. This will include an evaluation of the programme(s). 2. Progress Office Sharing opportunities with Youth Justice Agency (YJA) and other Criminal Justice Bodies. 3. Develop and Pilot a Restorative Approach for Adult Offenders to fully take account of victim needs in line with PBNI Victims Policy / DoJ Victim and Witness Strategy. 4. Agree and implement PBNI's Substance Misuse Strategy which will include work with other agencies, including the Public Health Agency (PHA). The policy will have a supporting action plan to progress and benchmark the implementation of the policy. 	Achieved
Objective	Actions	Outcome
10. In line with organisational equality duties, review PBNI's approach to gathering equality monitoring information and promote good practice	<ol style="list-style-type: none"> 1. Update PBNI's Probation Information Management System (PIMS) to record equality information. Due to affordability issues and value for money, PBNI's Probation Information Management System (PIMS) has not been updated to record equality information. 2. Commence a diversity needs assessment for all offenders and integrate same into individual work plans. 3. Promote PBNI's Victim Information Scheme to vulnerable minority groups. 	Partially Achieved

Operating Performance Review

Work Undertaken during 2015-16

Report Writing

In 2015-16, the Probation Board provided 8,255 reports to assist decision making in the criminal justice process. The majority of these reports, some 4,445, were Pre-Sentence Reports to assist

judges' decisions regarding the types of sentences to give at criminal courts; courts were also provided with 1,622 addendum reports, while 501 reports were Short Pre-Sentence Reports, a shorter report for judges that is prepared more quickly by the Probation Board, either on the same day or within several days of the request being made (this report is primarily provided to Magistrates' Courts). The majority of Pre-Sentence Reports and Short Pre-Sentence Reports completed during 2015-16 were provided to Magistrates' Courts (83%), with approximately one in eight (13%) provided to Crown Court. The proportion of Crown Court reports is lower than previous years and this may be due to the legal dispute leading to a backlog of Crown Court cases in 2015.

The quality of Pre-Sentence Reports is verified by managerial scrutiny against the requirements set out in the Probation Board's Best Practice Framework, which incorporates Northern Ireland Standards giving clear guidance in relation to the timely supply of reports to courts. 96% of the Pre-Sentence Reports supplied by the Probation Board in the last 12 months were within required timescales, in line with the target level of performance of 95-100% timeliness.

The table below provides a summary of the types of reports completed by the Probation Board over the past three years. The total number of reports completed has decreased by 5% in the last year. Likely reasons for this reduction include a reduction in court activity in recent years and the backlog of Crown Court cases mentioned above.

Reports* Completed: 2013-14 to 2015-16

Type of Report	2013-14	2014-15	2015-16	% change 2015-16 on 2014-15
Pre-Sentence Report	5,877	4,885	4,445	-9%
Short Pre-Sentence Report	880	572	501	-12%
Addendum Report	1,406	1,418	1,622	+14%
Breach / Recall / Revocation Reports	1,680	1,432	1,339	-6%
Parole Commissioners / Unit Reports	94	28	10	-
Other**	387	323	338	+5%
Total Reports	10,324	8,658	8,255	-5%

- Percentage change is not shown as the denominator is less than 50.

*All Report Types. Excludes explanatory letters to courts. **Includes Home Circumstances Report, Probation Officer's Report,

Court Orders

At 3,091, the number of new statutory orders requiring PBNI supervision made between 1st April 2015 and 31st March 2016 was consistent with the number made in 2014-15 (3,101). The vast majority of those given an order at court requiring PBNI supervision were male (85%), while 15% were female.

In terms of the main community disposals, the number of Community Service Orders made in 2015-16 is 10% higher than in 2014-15, the number of Probation Orders made is 11% higher, and the number of Combination Orders is 47% higher.

The number of new Determinate Custodial Sentences (DCS) made has decreased by 54%. This may be explained by the legal dispute leading to a backlog of Crown Court cases in 2015.

New Orders starting during the year: 2013-14 to 2015-16

Type of Supervision				% change 2015-16 on 2014-15	
		2013-14	2014-15	2015-16	
Orders	Combination Order	286	249	365	+47%
	Community Service Order	1,360	1,048	1,149	+10%
	Custody Probation Order	36	20	12	-
	Determinate Custodial Sentence	809	628	291	-54%
	Juvenile Justice Centre Order	70	55	46	-16%
	Probation Order	1,260	1,006	1,114	+11%
	Other Orders*	5	7	51	-
Licences	Life Sentence Licence	10	8	4	-
	Sex Offender Licence	16	15	8	-
	GB Licence	16	29	20	-
Public Protection Sentences	Extended Custodial Sentence	44	31	27	-
	Indeterminate Custodial Sentence	7	5	4	-
Total Orders		3,919	3,101	3,091	0%
Total People**		3,584	2,849	2,846	0%

- Percentage change is not shown as the denominator is less than 50.

*Includes Community Responsibility Order, Supervised Activity Order and Supervision & Treatment Orders. Please note that a Supervised Activity Order pilot project operated during 2012/13 which accounts for the higher figure for Other Orders in this year.

**Please note that a person can receive more than one new order during the year. New Non-statutory cases are not included in these figures.

Orders at a Point in Time

At the end of March 2016, the Probation Board was supervising 4,209 people subject to 4,576 court orders (4% lower than the position twelve months previously). A breakdown of the types of orders under PBNI supervision at 31 March 2016 is given in the table below. More than three-quarters of people were allocated to PBNI teams in the community, with the remainder in custody.

In terms of the 3 main types of community order under supervision, the number of Probation Orders under supervision has remained consistent whilst the number of Community Service Orders has risen by 11% and the number of Combination Orders has risen by 29%.

The number of Determinate Custodial Sentences under supervision has decreased by 22%, again this may be explained by the legal dispute leading to a backlog of Crown Court cases in 2015.

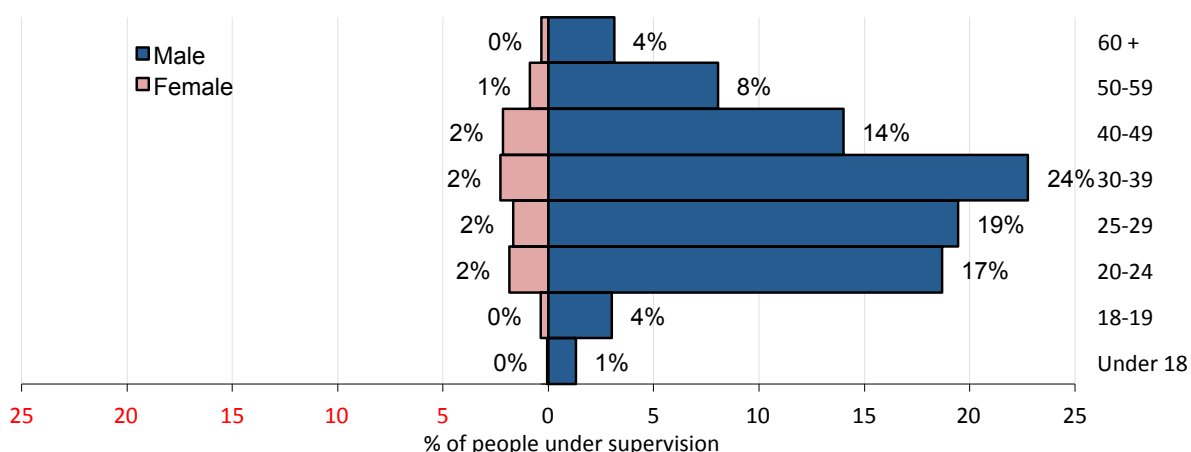
Orders at point in time: 31 March 2014 – 31 March 2016

Type of Supervision		31 Mar 2014	31 Mar 2015	31 Mar 2016	% change 31 Mar 2016 on 31 Mar 2014
Orders	Combination Order	347	306	395	+29%
	Community Service Order	775	660	732	+11%
	Custody Probation Order	141	96	79	-18%
	Determinate Custodial Sentence	1,497	1,562	1,218	-22%
	Juvenile Justice Centre Order	50	27	29	-
	Probation Order	1,566	1,408	1,405	0%
	Other Orders*	4	6	54	-
Licences	Life/Sentence Licence	252	253	251	-1%
	Sex Offender Licence	124	116	107	-8%
	GB Licence	45	60	52	-13%
Public Protection Sentences	Extended Custodial Sentence	185	207	206	0%
	Indeterminate Custodial Sentence	31	32	36	-
Non-statutory Sentences	Inescapable Voluntary	24	23	10	-
	Remand/Sentence	9	5	2	-
Total Orders		5,050	4,761	4,576	-4%
Total People		4,652	4,395	4,209	-4%

- Percentage change is not shown as the denominator is less than 50. * Includes Community Responsibility Order, Supervised Activity Order and Supervision & Treatment Order.

In overall terms, males account for the vast majority of those under supervision (91% of the caseload). The chart provides a summary of the gender and age breakdown of PBNI’s caseload at 31 March 2016.

Gender and Age profile of people supervised by PBNI at 31st March 2016



Victims Information Scheme

There were 132 new registrations to the PBNI Victims Information Scheme during 2015-16. At the end of March 2016 there were 242 victims registered on the Scheme.

Complaints

As a public service, the Probation Board seeks to undertake its role and responsibilities in an open, transparent manner. Should there be occasions when someone wishes to express their dissatisfaction about the way the organisation has dealt with a particular matter, then the PBNI Complaints Policy and supporting Procedures can be used.

If a complainant remains dissatisfied at the end of the internal Complaints Procedure, they may refer the matter to the Northern Ireland Ombudsman for independent consideration.

In 2015-16 extensive consultation took place in relation to revising the complaints policy and procedures. A revised policy and procedures will be approved in 2016-17.

During 2015-16 the Probation Board received 32 complaints, a reduction from 45 in the previous year 2014-15.

Complaints received were primarily in respect of issues pertaining to the supervision and requirements of court orders and disputes about the contents of written reports and assessments.

All complaints received were dealt with through local resolution; 5 complaints proceeded through the formal internal investigation stage.

Financial Review

The results of the Probation Board are set out on page 61, in the Statement of Comprehensive Net Expenditure. The deficit for the year transferred to General Reserve was £18,191k (2014-15: £18,454k).

Net Expenditure Review

The net expenditure of Probation Board for 2015-16 is compared to the previous two financial years in the following table:

Net Expenditure Summary

	2015-16	2014-15	2013-14
	£'000	£'000	£'000
Total operating income	(1,591)	(2,118)	(2,073)
Staff costs	14,879	15,098	16,622
Purchase of goods and services	3,565	3,699	3,983
Depreciation and Impairment charges	384	363	462
Provision expense	216	227	546
Grants	741	1,190	1,295
Total operating expenditure	19,785	20,577	22,908
Net operating expenditure	18,194	18,459	20,835
Finance expense	(3)	(5)	10
Net expenditure for the year	18,191	18,454	20,845

In 2015-16 the reduction in net expenditure reflects a reduction in the funding provided by the DoJ. In order to meet this reduction, PBNI reduced spend on non-staff costs: travel, accommodation, IT and reduced the grant aid to the community and voluntary sector. The reduced income from the Northern Ireland Prison Service is matched with a reduction in payroll costs and provisions.

Summary of actual expenditure against budget

For 2015-16 PBNI had net Department Expenditure Limit (DEL) operating costs of £17,593k which were £146k less than the net budget allocation of £17,739k. The capital spend of £312k was £31k less than the net budget allocation of £343k. Receipts of £75k from the sale of assets (Antrim property held for sale at the end of 2014-15) were utilised in the year making total expenditure on non-current assets of £387k. A comparison of net DEL operating costs against budget is summarised in following table:

Summary of Actual expenditure against budget

	2015-16 actual*	2015-16 budget*	Variance	Variance
	£k	£k	£k	%
Net Operating Costs* (excluding depreciation)	17,209	17,239	30	0.2
Depreciation	384	500	116	23.2
Net Operating Costs*	17,593	17,739	146	0.8
Net Capital Expenditure	312	343	31	9.0
Overall Total Expenditure	17,905	18,082	177	9.7

*Excludes Annual Managed Expenditure (AME costs).

A reconciliation of net expenditure from the Statement of Comprehensive Net Expenditure to DEL operating costs is set out in table below.

Reconciliation Net expenditure from Statement of Comprehensive Net Expenditure to DEL Net Operating Costs

	£k
Net Expenditure from Statement of Comprehensive Net Expenditure	18,191
Exclude Current Service Cost (AME cost)	(2,426)
Include cash payment of provision (DEL cost)	2,088
Add back provision costs for year (AME cost)	43
Exclude pension borrowing costs (AME cost)	(273)
Exclude administration costs (AME cost)	(30)
Net Operating Costs	17,593

Non-current Assets

The Probation Board's non-current asset expenditure movements are detailed in notes 6 & 7 to the financial statements. Capital expenditure in 2015-16 totalled £387k (2014-15 £481k).

Financial position

The Probation Board's Statement of Financial Position shows net liabilities of £4,870k (2014-15 net liabilities of £9,002k). The main reason for the decrease of £4,132k is due to the NILGOSC pension liability. There was an increase in fair value of the pension assets significantly reducing the net

underfunding in the pension plan and thus reducing the net pension liability. Trade and other payables also decreased largely relating to the timing of the March 2015 HMRC NIC payment. The defined benefit obligation liabilities have decreased by approximately 2% to £98,718k for the Probation Board from 1 March 2015 to 31 March 2016; the breakdown of this is shown in the table below.

Defined Benefit Obligation liability at 31 March 2016

	£k	Percentage Change in Liability
Defined Benefit Obligation 2015	98,901	
Interest on the obligation	3,145	-13%
Current service cost and admin cost	2,456	-9%
Contributions by members	684	+14%
Actuarial losses	(4,580)	+152%
Past service cost	82	-63%
Estimated benefits paid	(8)	0%
Estimated unfunded benefits paid	(1,962)	-1%
Liability 2016	98,718	-2%

Details of all pension movements are contained at Note 11 to the accounts.

Cash flow

The Probation Board’s net increase in cash and cash equivalents in the year is £94k (2014-15 £410k).

Prompt Payment of Suppliers

The Probation Board’s policy is to pay bills from all suppliers within 10 working days following receipt of a properly rendered invoice or in accordance with contractual conditions, whichever is the earlier. Monthly statistics are uploaded by the Department of Justice through AccountNI. The prompt payment results for 2015-16 showed that 90.6% (88% for 2014-15) of invoices were paid within 10 working days following receipt of a properly rendered invoice. 98% (97% for 2014-15) of invoices were paid within 30 calendar days.

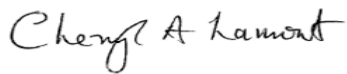
Sustainable Development

PBNI is committed to continuing its drive on sustainable development by promoting and maintaining a positive and inclusive culture amongst staff and stakeholders. Its aim is to foster governance and leadership in sustainability and work collaboratively to avoid and minimise adverse impacts of PBNI’s activities on the environment and society, and reduce the PBNI’s carbon footprint.

PBNI takes pride in its proactive approach to initiatives which have included continued participation in the Carbon Reduction Commitment Energy Efficiency Scheme. The NICS-wide contract for Recycling of Dry Office Waste is also being used by PBNI.

In February 2015 Central Procurement Directorate (CPD) issued a Procurement Guidance note PGN02/14 which enforces that procurement must be carried out in accordance with energy standards under Energy Efficiency Directive1 (EED) adopted by the European Union (EU). PBNI has adopted this guidance note.

During 2015-16, significant improvements were made to PBNI's property which contributed to increasing energy efficiency. This will result in a reduction of PBNI's overall carbon footprint and is also expected to produce financial savings.

A handwritten signature in cursive script that reads "Cheryl A Lamont".

Ms C Lamont
(Acting) Director of Probation
16 June 2016

THE ACCOUNTABILITY REPORT

The Accountability Report comprises:

- Corporate Governance Report
- Remuneration and staff report
- Assembly Accountability and Audit Report

Corporate Governance Report

The Corporate Governance Report contains the following three sections:

- The Director's Report
- The Statement of Accounting Officer's Responsibilities
- The Governance Statement

The Probation Board was established as a Non-Departmental Public Body (NDPB), under the Probation Board (Northern Ireland) Order 1982 in accordance with a recommendation in the Report of the Review Group on Legislation and Services for Children and Young Persons in Northern Ireland (1979), that the probation service in Northern Ireland should be separated from Central Government and become responsible to a community based Board. The first Board was appointed in December 1982. Each Board is of three years' duration and the current Board was appointed in December 2015.

The Board's functions are set out in the Probation Board (Northern Ireland) Order 1982. In addition, other legislation relating to probation activities is contained in the Criminal Justice (Northern Ireland) Order 1991, Criminal Justice (Northern Ireland) Order 1996, Criminal Justice (Northern Ireland) Order 2008 and the Criminal Justice (Children) (Northern Ireland) Order 1998, and in relevant amendments thereto.

Since 12 April 2010, when justice functions in Northern Ireland were devolved to the Northern Ireland Assembly and the Department of Justice came into existence as a Northern Ireland Department, the Probation Board has been an executive Non-Departmental Public Body of the Department of Justice.

The Permanent Secretary of the Department of Justice, who is the principal Accounting Officer of the Department of Justice, designated the Director of Probation as NDPB Accounting Officer for the Probation Board, with effect from 12 April 2010.

Directors' Report

The Board

The Director of Probation is responsible for the day to day operation and performance of the Probation Board.

The Senior Executives

The Probation Board's Senior Executives who served during the year were as follows:

Ms C Lamont	(Acting) Director of Probation
Mr P Doran	Deputy Director Operations
Mr H Hamill	(Acting) Deputy Director Operations

The Probation Board for Northern Ireland is governed by the Probation Board. The Board Members are appointed on a fixed term of 3 years with the possibility of reappointment for a further period of 3 years. These appointments are made by the Minister of Justice in line with the Code of Practice issued by the Commissioner for Public Appointments. Six new Board members were appointed on 1 December 2015 and 5 members left on 30 November 2015 having completed their terms of appointment. Details of Board members during 2015-16 are as follows:

Mrs V Patterson MBE	Chairman
Mr R Mullan	Deputy Chairman (Until 7 March 2016)
Mr D Brown	
Mrs J Erskine	Deputy Chair (From 8 March 2016)
Mr E Jardine CB	
Mrs L Jennett	Appointment ended 30 November 2015
Mr T O'Hanlon	
Mrs M O'Rourke	Appointment ended 30 November 2015
Ms P Shepherd	
Mr D Rose	Appointment ended 30 November 2015
Dr M Wardlow	Appointment ended 30 November 2015
Dr R Wilson	Appointment ended 30 November 2015
Ms J Gillespie	Appointed 1 December 2015
Mr I Jeffers	Appointed 1 December 2015
Ms B Stewart	Appointed 1 December 2015
Mr G OhEara	Appointed 1 December 2015
Ms A Matthews	Appointed 1 December 2015

Mr D Wall Appointed 1 December 2015

Under The Probation Board (Northern Ireland) Order 1982, the Board shall consist of a Chairman, a Deputy Chairman and not less than 10 or more than 18 other members. Membership at 31 March 2016 stood at 13 (Chairman and 12 other members).

The Board Audit Committee

The current members of the Board Audit Committee are:

Mrs J Erskine	Chairman
Mr G OhEara	Deputy Chairman
Mr E Jardine CB	
Mr D Brown	
Ms A Matthews	

Other attendees of the meetings included representatives from Internal Audit, External Auditors, Department of Justice as well as the Acting Director of Probation, Deputy Director of Operations, Head of Finance and Acting Board Secretary.

Registers of Interests

In accordance with the Probation Board’s Code of Practice for Members, a Register of Members’ Interests and a Register of Senior Management Interests are maintained for Board Members and Senior Management respectively. The Registers are available for inspection on the Probation Board’s website and they are updated on a regular basis. Note 17 to the Accounts provides details of any relevant related party transactions.

Personal data related incidents

The Probation Board continues to monitor and assess its information risks, in order to identify and address any weaknesses and ensure continuous improvement of its systems. There were no incidents of loss of protected personal data within the Probation Board in the 2015-16 year which required to be reported to the Information Commissioner’s Office.

There were 3 localised incidents which were thoroughly investigated, where the data was recovered/not inappropriately accessed.

The following information Assurance training was delivered to PBNI staff by e-learning during 2015-16:

- Data Protection – Handling a Subject Access Request.

Reminder memoranda have been issued to all staff in respect of Information Assurance on:

- 1 April 2015
- 30 April 2015
- 13 May 2015
- 10 September 2015
- 8 February 2016

Statement of Accounting Officer Responsibilities

Under paragraph 2 of Schedule 3 to the Probation Board (Northern Ireland) Order 1982 as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010, the Probation Board for Northern Ireland is required to prepare a statement of accounts in the form and on the basis determined by the Department of Justice with the approval of the Department of Finance and Personnel. The accounts are prepared on an accruals basis and must give a true and fair view of the Probation Board for Northern Ireland's state of affairs at the year end and of its income and expenditure, changes in Taxpayers' Equity, and cash flows for the financial year.

In preparing the accounts the Probation Board for Northern Ireland is required to:

- observe the accounts direction issued by the Department of Finance (formerly Department of Finance and Personnel) including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the entity will continue in operation.

The principal Accounting Officer of the Department of Justice has designated the (Acting) Director of Probation as the Accounting Officer for the Probation Board for Northern Ireland. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Probation Board for Northern Ireland's assets are set out in Managing Public Money published by the HM Treasury.

Governance Statement 2015-16

Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of governance and internal control to support the achievement of the Probation Board's policies, aims and objectives as set out in our three year corporate plan and associated annual business plans, whilst safeguarding the public funds and assets for which I am directly responsible. This is carried out in accordance with the responsibilities assigned to me in Managing Public Money Northern Ireland.

The Probation Board is a Non-Departmental Public Body sponsored by the Department of Justice; its statutory responsibilities are set out in the Probation Board (NI) Order 1982. The mandatory functions of the Board are to:

- secure the maintenance of an adequate and efficient probation service;
- make arrangements for persons to perform work under Community Service Orders;
- provide such probation officers and other staff as the Department of Justice considers necessary to perform social welfare duties in Prisons and Young Offender Centres; and
- undertake such other duties as may be prescribed.

The discretionary functions of the Board which it may enter into with the agreement of the Department of Justice are to:

- provide and maintain probation hostels and other establishments for use in connection with the supervision and assistance of offenders;
- provide and maintain bail hostels;
- make and give effect to schemes for the supervision and assistance of offenders and the prevention of crime; and
- make arrangements with voluntary organisations or any other persons (including Government Departments and public bodies) to:
 - provide and maintain such hostels and other establishments as mentioned above; and
 - give effect to schemes for the supervision and assistance of offenders and the prevention of crime.

More recent legislation outlining Board responsibilities include the Criminal Justice (Northern Ireland) Orders 1996, 2005 and 2008, while the requirements of PBNI as a designated organisation of Policing and Community Safety Partnerships are contained in the Justice Act (Northern Ireland) 2011.

The Probation Board plays an important role at each of the key stages of the criminal justice process at court, in custody, in the community and with victims of crime. As an integral, effective part of the Criminal Justice System, the Probation Board helps to reduce levels of offending, prevent further victims of crime and also contributes to increasing community confidence in the Northern Ireland Criminal Justice System.

The main strands of the Probation Board's work are to:

- Assess convicted offenders and prepare approximately 8,700 reports (2015-16) to assist decision-making in the criminal justice process
- Supervise approximately 4,400 offenders at any given time
- Provide a range of services to offenders in prisons
- Provide behavioural change programmes
- Offer a Victim Information Scheme
- Work with partner organisations to manage the risk posed by the most serious offenders as part of the Public Protection Arrangements Northern Ireland.
- Work in local communities as designated members of Policing and Community Safety Partnerships.

Judges have a range of sentencing options available to them to deal with young people and adults who are found guilty of a criminal offence. These include monetary disposals (such as fines), community service which requires the completion of unpaid work, other sentences which are based in the community and sentences which require a person to comply with licence conditions when released from custody.

The Probation Board supervises people under:

- Probation Orders
- Community Service Orders
- Combination Orders
- Custody Probation Orders
- Determinate Custodial Sentences
- Extended Sentences for Public Protection
- Indeterminate Sentences for Public Protection
- Juvenile Justice Centre Orders
- Licences
- Other Orders (e.g. Supervision and Treatment Orders)

The work of PBNI is often complex, but can be summarised under five core elements:

- Ensuring sentence compliance
- Rehabilitation - challenging offending behaviours
- Reducing reoffending – by minimising harm
- Resettlement through promoting responsible citizenship
- Providing support to offenders: all Probation Officers are professionally qualified social workers

All of the work conducted by the Probation Board seeks to reduce offending and make communities safer.

Purpose of the Governance Framework

The Probation Board's governance framework sets out the arrangements for how the organisation is directed and controlled (incorporating behaviours, values, systems and processes) and how its responsibilities are discharged. It enables the setting of corporate objectives, the efficient deployment of resources towards the delivery of these priorities and monitoring of organisational performance. This governance framework is designed to manage risk to a reasonable level, rather than eliminate all risk of failure to achieve policies, aims and objectives; therefore it can only provide reasonable not absolute assurance of effectiveness.

The Governance Framework

(i) Sponsorship Arrangements

Within the Department of Justice, Safer Communities Directorate is the sponsoring branch for PBNI. The branch, in consultation as necessary with the Departmental Accounting Officer, is the primary source of advice and point of contact for PBNI. The sponsoring branch monitors PBNI's activities on a continuing basis through an adequate and timely flow of information from PBNI on performance, budgeting, control and risk management and keeps PBNI informed of relevant Executive/Government policy, advising on interpretation and issuing specific guidance as necessary.

On a quarterly basis, departmental officials meet with PBNI to review performance. The Board directly reports to the Minister of Justice on its performance on an annual basis.

A Management Statement and Financial Memorandum document is in place between the Probation Board and Department of Justice. The Management Statement sets out the broad framework within which PBNI will operate, in particular:

- PBNI's overall purpose, objectives and targets in support of the DoJ's wider strategic aim(s) and the outcomes and targets contained in its current Public Service Agreement;
- The rules and guidelines relevant to the exercise of PBNI's functions, duties and powers;
- The conditions under which any public funds are paid to PBNI; and
- How PBNI is to be held to account for its performance.

The associated Financial Memorandum sets out in greater detail certain aspects of the financial provisions which PBNI shall observe.

(ii) The Board

The Probation Board for Northern Ireland is governed by the Probation Board. The Board Members are appointed on a fixed term of 3 years with the possibility of reappointment for a further period of 3 years. These appointments are made by the Minister of Justice in line with the Code of Practice issued by the Commissioner for Public Appointments. Six new Board members were appointed on 1 December 2015 and 5 members left on 30 November 2015 having completed their terms of appointment.

The Board has corporate responsibility for leading and providing the strategic direction for the organisation, for developing the Corporate and Business Plans taking account of government policies, aims and objectives, for monitoring the organisation in the effective and efficient performance of its statutory duties and ensuring PBNI complies with statutory requirements for the use of public monies.

In terms of governance oversight, the Board has a specific responsibility, outlined in the Management Statement, to:

'...ensure that any statutory or administrative requirements for the use of public funds are complied with; that PBNI operates within the limits of its statutory authority and any delegated authority agreed with the DoJ, and in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, PBNI takes into account all relevant guidance issued by DoF (formerly known as DFP) and DoJ.'

The Management Statement requires all Board members to

- Comply at all times with the Code of Practice for PBNI Board members
- Not misuse information gained in the course of their public service for personal gain or political profit; and to declare publicly and to the board any private interests that may be perceived to conflict with their public duties
- Comply with PBNI rules on the acceptance of gifts and hospitality, and of business appointments;
- Act in good faith and in the best interests of PBNI.

With regard to declaring conflicts of interest, on an annual basis Board Members complete a register of interests form which is published via PBNI's website. Likewise, members of the Senior Management Team also complete an annual register of interests' declaration. At the preliminary stages of each Board and Committee meeting Members are asked whether they have any conflicts of interest to declare and this is recorded in the minutes.

Details of Board Members during 2015-16 are as follows:

Mrs V Patterson MBE	Chairman
Mr R Mullan	Deputy Chairman (Until 7 March 2016)
Mr D Brown	
Mrs J Erskine	Deputy Chairman (From 8 March 2016)
Mr E Jardine CB	
Mrs L Jennett	Appointment ended 30 November 2015
Mr T O'Hanlon	
Mrs M O'Rourke	Appointment ended 30 November 2015
Ms P Shepherd	
Mr D Rose	Appointment ended 30 November 2015
Dr M Wardlow	Appointment ended 30 November 2015
Dr R Wilson	Appointment ended 30 November 2015
Ms J Gillespie	Appointed 1 December 2015
Mr I Jeffers	Appointed 1 December 2015
Ms B Stewart	Appointed 1 December 2015
Mr G OhEara	Appointed 1 December 2015
Ms A Matthews	Appointed 1 December 2015
Mr D Wall	Appointed 1 December 2015

The Board meets on a monthly basis to discuss and oversee matters of strategic significance, as set out in the Standing Orders and Management Statement and Financial Memorandum. All Board meetings held during 2015-16 were quorate with an overall attendance record of 89%. The table below provides details of the number of Board and Audit Committee meetings attended by respective Board members in the course of the year.

There are three committees of the Board, the Audit Committee, the Corporate Resources Committee and the Policy and Practice Committee. The Corporate Resources Committee and the Policy and Practice Committee were established in 2015-16. The aforementioned two Committees were formerly the General Purposes Committee. The Board's Standing Orders provide for a Remuneration Committee and an Emergency Committee, meetings of which are convened as required.

(iii) Audit Committee

In accordance with the Management Statement, PBNI has established an Audit Committee independent of the organisation's structure. The Department of Justice and representatives from both PBNI Internal and External Auditors attend Audit Committee meetings. The responsibilities of the Audit Committee include:

- Review of the effectiveness of the risk management, control and governance arrangements;
- Review of the adequacy of the structures, processes and responsibilities for identifying and managing key risks facing the organisation;
- Review the Annual Report and Statutory Accounts including the Governance Statement before submission to the Board;
- Review the reports from the Internal and External auditors;
- Review the adequacy of the policies for ensuring that there is compliance with relevant regulatory, legal and code of conduct requirements as issued by the sponsoring department and Government departments; and
- Monitor the implementation of agreed audit-based recommendations.

The Audit Committee had an overall 96% attendance rate in 2015-16.

The attendance of Board Members at Board and Audit Committee meetings during the twelve month period is provided in the following table:

Board Member Attendance at Board and Audit Committee Meetings during 2015-16

Board Member	Number of Board Meetings	Number of Board Meetings Attended
Mrs V Patterson MBE	11	11
Mr R Mullan	11	8
Mr D Brown	11	10
Mrs J Erskine	11	9
Mr E Jardine CB	11	11
Mrs L Jennett*	7	7
Mr T O'Hanlon	11	8
Mrs M O'Rourke*	7	5
Ms P Shepherd	11	9
Mr D Rose*	7	7
Dr M Wardlow*	7	7
Dr R Wilson*	7	6
Ms J Gillespie**	4	4
Mr I Jeffers**	4	4
Ms B Stuart**	4	4
Mr G OhEara**	4	3
Ms A Matthews**	4	4
Mr D Wall**	4	4

*Member terms ended on 30 November 2015

** New members appointed from 1 December 2015

Audit Committee Member	Number of Audit Committee Meetings	Number of Audit Committee Meetings Attended
Dr M Wardlow*	3	2
Mrs J Erskine	5	5
Mr E Jardine CB	5	5
Mr D Rose *	3	2
Mr D Brown	5	4

Ms A Matthews**	2	2
Mr G OhEara**	2	2

(iv) General Purposes Committee

The role of the General Purposes Committee was to consider and report to the Board on such matters as may be referred to it by the Board. The Committee sat three times during year before being superseded by the Policy and Practice Committee and Corporate Resources Committee in September 2015

(v) Corporate Resource Committee

The role of the Corporate Resource Committee is to provide the Board with assurance that PBNI has appropriate Financial Management reports, Human Resources, Estates Management, and IT controls in place, aligned with best practice, to meet statutory requirements and to support the realisation of the Board’s strategic and corporate objectives. The Committee sat twice during the year.

(vi) Policy and Practice Committee

The role of the Policy and Practice Committee is to provide the Board with assurance that PBNI has appropriate policies of appropriate quality in place, aligned with best practice exercised by PBNI’s professional staff, to meet statutory requirements and to support the realisation of the Board’s strategic and corporate objectives. The Committee sat twice during the year.

(vii) Remuneration Committee

The Board’s Remuneration Committee met three times during the year.

(viii) Emergency Committee

The Board’s Emergency Committee met nil times during the year.

(ix) Special Board Meeting

Once during the year a Special Board meeting was called to meet with a DoJ official, who was leading on work on structural reform of the Department of Justice on behalf of the Permanent

Secretary. The purpose of the meeting was to advise Board Members on plans for the structural reform of the DoJ and how PBNI sat within this.

(x) The Accounting Officer

The Director of PBNI is designated as PBNI's Accounting Officer by the departmental Accounting Officer of the DoJ. The Accounting Officer is personally responsible for safeguarding the public funds for which she has charge; for ensuring propriety and regularity in the handling of those public funds; and for the day-to-day operations and management of PBNI.

As Accounting Officer my principal accountabilities are to ensure that the Probation Board and its Committees are fully supported in developing and promoting a programme of work consistent with its founding legislation and the Northern Ireland Executive's Programme for Government 2011-2015. These are aligned to the priorities of the Minister of Justice, namely Faster, Fairer Justice; Safer, Shared Communities and a Reformed Prison and Youth Justice System.

On a six monthly basis, as Accounting Officer I provide stewardship statements to the Department of Justice Accounting Officer, based on receipt of appropriate assurance from Deputy Directors.

(xi) Internal Audit Arrangements

During 2015-16 DoJ Internal Audit provided the internal audit services within PBNI. In consultation with the Accounting Officer, DoJ Internal Audit prepared a three year audit strategy, disaggregated into annual audit plans, for approval by the Audit Committee. The Audit Committee, on behalf of the Board, receives internal audit reports and approves management responses to recommendations arising from such reports.

There is now a Service Level Agreement in place between DoJ Internal Audit and PBNI which has been signed by the head of both organisations, setting out the terms of the internal audit service.

(xii) External Audit Arrangements

The Northern Ireland Audit Office is the Probation Board's external auditor.

(xiii) Criminal Justice Inspection Northern Ireland (CJINI)

The range of statutory functions and performance of Probation Board is subject to independent inspection by Criminal Justice Inspection Northern Ireland. PBNI fully participates in both organisation specific and thematic reviews to transparently account for its performance.

Risk Management and Internal Control

As Accounting Officer, I ensure that the Probation Board manages risk at all levels in the organisation. PBNI's Risk Management Policy was approved by the Board on 14 August 2015, and is available on PBNI's Intranet, making it readily available to all staff. This document, along with its supporting procedures, outlines PBNI's approach to identifying and managing risks which threaten the achievement of the organisation's objectives. It also heightens the roles and responsibilities of the Board and staff in managing risks. PBNI's approach to risk management is governed by other formal documents such as the Management Statement and Financial Memorandum, as well as Dear Accounting Officer letters issued by the Department of Finance and Personnel.

As part of the risk management processes, a Senior Management risk workshop is conducted to construct PBNI's annual strategic risk register and operational risk registers respectively. At the beginning of the 2015-16 financial year, five risks were logged on PBNI's strategic risk register, none of which were rated red (assessed as high likelihood of occurring and if risk were to occur it would have a severe impact on the organisation). At the end of the 2015-16 financial year there were six risks, one of which was rated red. This risk relates to the potential failure of PBNI's ageing case management system. The Strategic Risk Register is reviewed and approved on a quarterly basis by the Audit Committee on behalf of the Board, which provides scrutiny of the controls and actions to manage risk. For each strategic risk there is a designated Senior Manager as the risk owner. These, in turn, are owned by Senior Managers. The Strategic Risk Register is brought to the full Board at a minimum of once per year.

As Accounting Officer I chair an Audit and Risk Management Group, which meets quarterly to review PBNI's Strategic Risk Register, consider escalation / de-escalation of risks between the departmental and strategic risk registers and conducts 'horizon scanning' for emerging risks. The group also monitors progress in respect of the implementation of recommendations arising from Internal Audit and external inspections. On provision of Stewardship Statements from Deputy Directors on a six monthly basis, I in turn provide a six monthly stewardship report to the Department of Justice Principal Accounting Officer.

The Board's annual Accountability Meeting with the Minister was held on 7 October 2015.

Review of the Effectiveness of the Governance Framework

(i) Provision of information and data to the Board

Board Meeting agendas and papers are circulated a week in advance to provide sufficient time and evidence for sound decision making. Agendas are planned, as set out in the Standing Orders, on the basis of an annual Board Work plan, to ensure that all areas of the Board's responsibilities are examined during the year. Monthly Board Meetings include consideration of the following standing agenda items:

- Committee Reports (where applicable)
- Monthly Financial Outturn
- Business Cases update
- Management Information, including workforce information, caseload statistics and updates on IT
- Programme and Projects update
- Programme of Visits and Business
- Policy Reviews
- Budget 2015-2016 Update

Audit Committee standing agenda items include:

- Review of the Strategic Risk Register
- Review of Internal Audit Reports
- Audit Control Log/Internal Audit/CJI/NIAO Recommendations
- CJINI Inspection Reports
- DoF (formerly known as DFP) Circulars/DAO and DFD letters
- Fraud Update

The quality of data received by the Board has improved during the year and this is under ongoing review to ensure that the Board's discussions are as effective as possible. During 2015-16, minute pads were introduced at all Board and Committee meetings. All documents for meetings are held electronically on the minute pads which have reduced the consumption of paper and time taken to prepare papers.

(ii) Board Effectiveness

The Board carried out a detailed assessment of its effectiveness in April 2015. The assessment was that the Board operates cohesively and effectively with a strong collective approach. A number of areas for development were noted and the Board has developed an action plan to progress this work, which included a revised Committee structure which was put in place in August 2015.

(iii) Compliance with the Corporate Governance Code of Good Practice

In accordance with the Corporate Governance Code of Good Practice, a Management Statement and Financial Memorandum is in place between the Department of Justice and PBNI which sets out the framework within which PBNI operates. The Board's Code of Good Practice was updated in November 2014 in line with the Code of Conduct for Board Members of Public Bodies from the Department of Finance and Personnel.

(iv) Ministerial Directions

There were no Ministerial Directions sought or issued during 2015-16.

(v) Highlights of the PBNI Board and Committee Reports

The standing agenda items for PBNI Board meetings have been listed above. In addition, the Board considered the following items in 2015-16:

- Policies approved by Board
 - Female Offender Policy
 - Travel and Subsistence Policy
 - Environmental Policy
 - Sick Absence Procedures
 - Whistleblowing Policy
 - Domestic Abuse Policy for Staff
 - Risk Management Policy
 - Policy on Voluntary and Community Sector Funding
 - Adult Safeguarding Policy proposal
 - Information Assurance Policy
 - Internet and Email Policy
 - Community and Voluntary Sector Policy
 - Recruitment Policy

- Redundancy Policy and Procedures
- Transfer and Mobility Policy

- Business Plan 2014-15 Annual Performance Report
- Business Planning: Quarterly Report
- Estates Strategy and Scheduled work
- NICTS Consultation on Courts Estates
- PBNI Substance Misuse Strategy 2014-17
- 2014-15 Annual Report and Accounts
- Business cases
- NNC Terms and Conditions
- Review of Standing Orders
- Statement of Employer Policy and Discretionary Provision
- Equality Annual Progress Report
- Voluntary Exit Scheme
- Arranging for supervising Juvenile Justice Centre Orders
- Statement of Policy on discretionary Provisions under NILGOSC Regulations
- Strategic Risk Register

The standing agenda items of the Audit Committee are also listed above, but the committee considered a number of other issues throughout the course of the year including:

- Internal Delegation Limits
- Update on Electronic Appraisal System
- 2014/15 Annual Report and Accounts
- Preparation of 2015/16 Year-end Accounts
- Procurement
- Delegated Financial Limits
- Public Liability Insurance
- Review of Terms of Reference of Audit Committee
- Finance training to Board members

(vi) Achievements

During the year 2015-16 PBNI received **substantial assurance** on three internal audit reports (Creditors Payments, Budgetary Control, Receipts, Custody and Lodgement of Cash) and **satisfactory assurance** on four internal audit report (Procurement and contract management,

Payroll, Information Assurance and Complaints Handling). The review of the Case Management system received limited assurance in 2014-15. PBNI are working towards implementing all of the recommendations from these reports.

There were no specific Criminal Justice Inspection NI (CJINI) led PBNI audit inspections in 2015-16. Arising from a follow up inspection of the Management of Life and Indeterminate Sentence Prisoners in Northern Ireland (February 2016), PBNI and the Northern Ireland Prison Service are to progress two strategic recommendations.

Significant Internal Control Issues

Effective governance arrangements and oversight are maintained to ensure appropriate and timely responses to such issues that arise. During the year PBNI have been addressing the following issues:

- Prior to 1 June 2015, PBNI had been paying NILGOSC pension contributions and associated National Insurance contributions on behalf of a number of administrative staff. This was contrary to NILGOSC regulations. A business case was approved by DoJ and DoF (formerly known as DFP) to phase the payments over 3 years. From the 1 July 2015 the affected staff have been paying the correct NILGOSC contributions with PBNI paying an allowance phased over 3 years.
- PBNI is registered for VAT on certain secondments from 1 April 2014 as agreed with HMRC and have accrued VAT liability and charges of £68k in 2015-16 (note 10). PBNI are investigating the possibility of become VAT registered for all activities. This is being considered by DoF (formerly known as DFP) and HMRC.
- An internal audit review of PBNI's Case management system received limited assurance in 2014-15. A Strategic Outline business case is currently being developed to provide a new case management system. The current system is not fit for purpose and is a high risk. It has been recorded as such in PBNI's risk register and has been reflected in the Safer Communities Directorate, within the Department of Justice's risk register. PBNI is discussing options with DoJ to provide a new case management system.
- In March 2016 PBNI received a report from the Northern Ireland Public Services Ombudsman relating to a complaint made by a person under PBNI supervision. The Ombudsman found

that there had been maladministration in relation to how procedures had been followed and made a number of recommendations that PBNI are taking forward.

- There was one case of fraud during 2015-16 relating to an offender who falsified a travel warrant. A total amount of travel warrants used was £596.70. The incident was reported to the police and the offender was sentenced for Fraud by false representation. The Fraud was reported to the DoJ and the Audit and Risk Committee in line with PBNI's Anti-Fraud and Bribery Policy and Response Plan. In order to prevent further fraud relating to travel claims, PBNI reviewed the client travel process and has now stopped using travel warrants. Client travel tickets are now reimbursed after the journey has taken place.

Internal Auditor Statement on Assurance

In their Annual Assurance Report, the Probation Board's Internal Auditors reported that, on the basis on findings from work undertaken in 2015-16 and in previous years, have concluded that the risk management, internal control and governance arrangements within PBNI are 'substantial'.

Conclusion

This Governance Statement has been reviewed and accepted by both the Audit Committee and the Board. I can provide satisfactory assurance on the effectiveness of the Probation Board's internal control environment. I confirm that an action plan to ensure continuous improvement to the systems is on-going. It is evidenced by the programme of work undertaken by the Audit and Risk Management Group, the Senior Management Team and the Audit Committee and this work will continue in 2016-17.

Remuneration and Staff Report

Remuneration Policy

Board Members

The Chairman and other members of the Board are appointed by the Minister of Justice, in line with the Commissioner for Public Appointments "Guidance on Appointments to Public Bodies". The Department of Justice determines the emoluments of the Chairman and Members.

Senior Executives

The senior executives of the Probation Board are employed by the Probation Board under terms and conditions of employment that are contained in collective agreements reached under the auspices of the Standing Committee for Probation Chief Officer Grades (England and Wales). The parties to the Standing Committee are the Probation Association, the National Probation Directorate, the GMB Society of Chief Officers of Probation (GMB-SCOOP) and the National Association of Probation Officers (NAPO).

Implementation of any agreement within the Probation Board is subject to the approval of the Department of Justice, given with the consent of the Department of Finance and Personnel.

In reaching its recommendations the parties to the Standing Committee have worked together to:

- Ensure that the pay system is fit for purpose and leads to higher quality service delivery
- Develop a fair and transparent pay and conditions structure which has the confidence and support of employees, employers and trade unions
- Assist the goal of building an excellent organisation with the right number of employees with the right skills and diversity, and organised in the right way
- Encourage working patterns which enable employees to achieve an acceptable balance between work and their private life
- Improve quality and availability of training and development opportunities to enhance service delivery and meet reasonable aspirations of employees
- Meet equal pay for work of equal value criteria, recognising that pay can be any benefit in cash or conditions
- Ensure implementation of new pay and conditions arrangements fairly and consistently across the service
- Ensure that the implementation of new pay and conditions arrangements is within financial and other constraints
- Ensure as far as possible that staffing and other resources are commensurate with workload.

Service contracts

Appointments in the Probation Board are made in accordance with the Probation Board's Equal Opportunities Policy and with reference to the Equality Commission's Advice and Guidance. Unless otherwise stated, the officials covered by this report hold appointments which are open ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the relevant Probation Board policies.

Board Remuneration Committee

The Board has established a Remuneration Committee consisting of the Board Chairman, Board Deputy Chairman, the Chair of the General Purposes Committee and other members as the Board may appoint. The role of the Remuneration Committee is to assist in assessing the performance of the Director and dealing with any performance pay issues at Director and Deputy Director levels.

Staff costs

Staff costs are captured in the table below:

	2015-16	2014-15
	£'000	£'000
Wages and salaries	13,135	13,793
Social security costs	832	879
Other pension costs	-	45
SUB TOTAL	<u>13,967</u>	<u>14,717</u>
Board members' remuneration and expenses	98	105
Inward secondments	107	112
Agency/Temporary staff	707	164
TOTAL	<u>14,879</u>	<u>15,098</u>
Less recoveries in respect of outward secondments	(305)	(274)
TOTAL	<u>14,574</u>	<u>14,824</u>

The staff on outward secondment have been excluded from staff numbers. Staff on outward secondments includes the recovery of Mr Brian McCaughey's (the previous Director of Probation)

salary costs, who worked under the direction of the Northern Ireland Prison Service during the financial year.

The average number of staff employed by the Probation Board during 2015-16 together with details of staff costs were as follows:

	No.s	Gross Emols £'000	Employers Nat. Ins. £'000	NILGOSC Current service costs £'000	Total Costs 2015-16 £'000	Total Costs 2014-15 £'000	No.s 2014-15
Staff	325	10,627	832	2,508	13,967	14,717	351
Temporary Agency Staff	24	707	-	-	707	164	6
Inward Secondments	3	107	-	-	107	112	3
Totals	352				14,781	14,993	360
Board Costs					98	105	
Grand Total Costs					14,879	15,098	

Pensions

The Probation Board is an Employing Authority within the scheme provided by the Local Government Pension Scheme (NI). Membership of the scheme is optional for employees, but in practice almost all staff opt into this pension provision arrangement.

Staff employed under National Negotiating Council based conditions (that is probation grades) contribute a % of remuneration, dependent on the level of that pensionable remuneration. The bandings for 2015-16 were as follows:

Contribution Rate

Band Range	Contribution Rate
Up to £14,000	5.50%
£14,001 - £21,300	5.80%
£21,301 - £35,600	6.50%
£35,601 - £43,000	6.80%
£43,001 - £85,000	8.50%
More than £85,000	10.50%

The employer's contribution is determined by the Committee's Actuary every 3 years and for 2015-16 year was 20% of remuneration. Staff employed under the conditions based on those of the NICS

(Administrative Staff) contributed 1.5% and the Probation Board's contribution ranged from 24.3% to 25.3%.

Pension benefits are provided through the Local Government Pension Scheme (NI). This is a committee based scheme open to all permanent and temporary staff aged over 16 and provides benefits on final salary basis. Any membership built up to 31 March 2009 will provide an annual pension based on 1/80th of the final year's pensionable pay and an automatic tax-free lump sum of three times the pension. Membership built up after 31 March 2009 but before 31 March 2016 will provide an annual pension based on 1/60th of the final year's pay. There is still the option to convert annual pension to lump sum subject to HMRC limits.

Membership built up from 01 April 2016 will provide an annual pension based on 1/49th of the annual pensionable pay. This new pension scheme, called LGPS (NI) 2016 is a career average scheme.

On death, pensions are payable to the surviving spouse for a short-term period of 3 months payable at the rate of the member's pensionable remuneration at the date of death. Provided that the deceased member had statutory pension entitlement this is followed by a long-term pension which is payable for life. The calculation is 50% of the deceased's benefits had they taken early retirement. On death in service the scheme pays a lump sum benefit of twice pensionable pay and also provides a service enhancement on computing the spouse's pension.

The Local Government Pension Scheme (NI) is a multi-employer defined benefit scheme. The Probation Board's contributions are affected by a surplus or deficit in the scheme. The most recent full actuarial valuation was completed as at 31 March 2013. An employer contribution rate of 20% has been proposed for year commencing 1 April 2016. Medical retirement is possible in the event of serious ill-health. In this case pensions are brought into payment immediately without actuarial reduction and with service enhanced as for widow(er) pensions.

Salary and Pension Entitlements

The following sections provide details of the remuneration and pension interests of the most senior management of the Probation Board.

Remuneration

[AUDITED INFORMATION]

2015-16					
Name & Title	Salary	Bonus Payments	Benefits in Kind	Pension Benefits *	Total
	£'000	£'000	(to nearest £1000)	(to nearest £1000)	£'000
Ms C Lamont <i>Acting Director of Probation</i>	85-90		1	63	150-155
Mr P Doran <i>Deputy Director Operations</i>	70-75		1	30	100-105
Mr H Hamill <i>Acting Deputy Director Operations</i>	65-70		1	26	90-95
Band of Highest Paid Director's Total Remuneration	85-90				
Median total remuneration	31.40				
Ratio	2.78				
2014-15					
Name & Title	Salary	Bonus Payments	Benefits in Kind	Pension Benefits *	Total
	£'000	£'000	(to nearest £1000)	(to nearest £1000)	£'000
Ms C Lamont <i>Acting Director of Probation</i>	85-90	-	1	65	150-155
Mr P Doran <i>Deputy Director Operations</i>	70-75	-	1	24	95-100
Mr H Hamill <i>Acting Deputy Director Operations</i>	65-70	-	1	16	80-85
Band of Highest Paid Director's Total Remuneration	85-90				
Median total remuneration	31.40				
Ratio	2.78				

*The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

Salary

'Salary' includes gross salary and any allowance to the extent that it is subject to UK taxation, but excludes travel lump sum and any bonus paid.

Mr Brian McCaughey was under the direction and control of the Northern Ireland Prison Service during the financial year. His salary and allowances were paid by the Probation Board and reimbursed from the Northern Ireland Prison Service. This has been disclosed in notes 2 and 5.

Benefits in Kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument. Those detailed in the table above relate to mileage expenses paid to senior managers in the Probation Board in line with National Negotiating Council for the Probation Service terms and conditions. These are higher than the amount allowable for tax (45p per mile) and are reported to the Inland Revenue as a taxable emolument.

Bonuses

Bonuses are based on performance levels attained in accordance with SCCOG Chief Officer Terms and Conditions and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. Bonuses for the previous Director of Probation (Mr Brian McCaughey) for 2011-12, 2012-13 and 2013-14 were paid in 2015-16 and for the Acting Director of Probation (Ms C Lamont) the 2013-14 bonus was paid in 2015-16.

***Hutton Fair Pay Review Disclosure [AUDITED INFORMATION]**

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in the Probation Board in the financial year 2015-16 was £85-90k - (2014-15 £85-90k). This was 2.78 times (2014-15 2.78 times) the median remuneration of the workforce, which was £31.4k (2014-15, £31.4k).

Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

Pension Benefits
[AUDITED INFORMATION]

Name & Title	Accrued pension at pension age as at 31/3/16 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/03/16 £'000	CETV at 31/03/15 £'000	Real increase in CETV £'000
Ms C Lamont <i>Acting Director</i>	35-40 Plus lump sum 80-85	2.5-5 Plus lump sum 2.5-5	699	625	74
Mr P Doran <i>Deputy Director Operations</i>	25-30 Plus lump sum 60-65	0-2.5 Plus lump sum 0-2.5	528	487	41
Mr H Hamill <i>Acting Deputy Director Operations</i>	25-30 Plus lump sum 50-55	0-2.5 Plus lump sum 0-2.5	470	445	25

The Cash Equivalent Transfer Value (CETV)

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. It is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The Cash Equivalent Transfer Values (CETV) calculations have been calculated in accordance with guidance used by the Civil Service in Employer Notice EPN 12/2012.

CETV at 31/03/15 and CETV at 31/03/16 show the member's cash equivalent transfer value accrued at the beginning and the end of the reporting period. Real increase in CETV after adjustment for inflation and changes in market investment factors reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid

by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

There have been changes to the factors used to calculate CETVs from 1 January 2012. These changes are consistent with the new HM Treasury guidelines on the discount rate to be used for CETVs following the change in indexation from Retail Price Index (RPI) to the Consumer Price Index (CPI). The factors have also been changed to include the improvements to future mortality rates following the ONS 2008-based principal population projections. The change in factors may effectively reduce the CETV and this explains the negative real increases in CETV as noted in the table.

The CETV figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Local Government Pension Scheme (NI) and for which the scheme has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.

Board Members Remuneration and Expenses

The Chairman and Board Members receive remuneration and expenses. The Board Members are appointed for a fixed term of 3 years. The Chairman received remuneration of £33,010 per annum paid at a monthly rate of £2,751. Board Members received remuneration of £5,050 per annum paid at a monthly rate of £420.83. The Chairman and the Board Members are not members of the Probation Board's pension scheme. Full details of Board Members' remuneration and expenses are in the table below.

[AUDITED INFORMATION]

		**Remuneration and Expenses £'000
Mrs V Patterson MBE	Chairman	30 - 35
Mrs J Erskine	Deputy Chairman	5 - 10
Mr R Mullan		5 - 10
Mr D Brown		5 - 10
Mr E Jardine CB		5 - 10
Mr T O'Hanlon		5 - 10
Ms P Shepherd		5 - 10
Ms J Gillespie**		0 - 5

Mr I Jeffers**		0 - 5
Ms B Stuart**		0 - 5
Mr G OhEara**		0 - 5
Ms A Matthews**		0 - 5
Mr D Wall**		0 - 5
Dr M Wardlow*		0 - 5
Dr R Wilson*		0 - 5
Mr D Rose*		0 - 5
Mrs M O'Rourke*		0 - 5
Mrs L Jennett*		0 - 5

* Appointment ended November 2015

** Newly appointed December 2015

These figures include an element of benefits in kind, relating to mileage expenses paid in line with DOE Local Government Policy circular LG 10/09. These rates are higher than the amount allowable for tax. The element which relates to home to office mileage is taxed at source and any additional business mileage is reported as a further taxable emolument to Inland Revenue.

Employees

Details of staff costs and average staff numbers are contained at Note 2 to the financial statements.

The breakdown of FTE employee group by gender at the 31 March 2016 is as follows:

Employee group	Number of FTE employees at 31 March 2016	Gender
Director/Deputy Directors	3	1 Female, 2 Males
Senior Managers (other than Directors)	10.2	6.8 Females, 3.4 Males
Permanent employees	280.29	192.78 Females, 87.51 Males
Temporary employees (Agency)	27.10	23.64 Females; 3.46 Males
Total	320.59	224.22 Females, 96.37 Males

There was an increase in temporary staff supplied through recruitment agencies in 2015-16 (2014-15 FTE 6.0) necessitated by delays in finalising FTE levels of Probation Officers assigned to prisons coupled with lack of surety on future budget levels. Agency workers filled essential vacancies created by leavers over financial years 2014-15 and 2015-16.

Sickness Absence Data

The average day's sick absence per employee for the year 2015-16 was 13.2 days (13.5 days in 2014-15). From 2015-16 Northern Ireland Statistical and Research Agency (NISRA) is calculating PBNI's sickness absence statistics, which uses different assumptions than PBNI used in previous years. In the 2014-15 Annual Report the published comparable for sickness absence levels in 2014-15 was 11.8 days. The reduction of sickness absence levels remains a business objective for the Probation Board in 2016-17.

Equal Opportunities

PBNI recognises that all staff should be treated with respect and dignity in the workplace and as such, we are committed to providing a working environment that is free from discrimination, victimisation, harassment, bullying and inappropriate behaviour.

PBNI recognises that a policy in itself cannot ensure non-discrimination. This can only be achieved if staff, at all levels, critically examine their attitudes to people and ensure that no trace of discrimination is allowed to affect judgment or influence others to discriminate unfairly.

Policy Statement

It is the policy of the Probation Board for Northern Ireland (PBNI) that, during the course of their employment, no employee will receive less favourable treatment or be discriminated against on the grounds of their sex including gender reassignment, pregnancy or maternity leave, marital or civil partnership status, sexual orientation, race or ethnic origin, religious belief, political opinion, national identity, age, or disability.

PBNI is opposed to all forms of unlawful and unfair discrimination. All job applicants, employees and others who work for us will be treated fairly and will not be unlawfully discriminated against (either directly or indirectly) or receive less favourable treatment on any of the above grounds. Decisions about recruitment and selection, promotion, training or any other benefit will be made on an objective basis and without unlawful discrimination. The PBNI is an equal opportunities employer and welcomes applications for employment from all suitably qualified candidates.

Equality and Diversity

Section 75 of the Northern Ireland Act 1998 places a statutory duty on the PBNI to have due regard to the promotion of equality and good relations internally and externally. PBNI's Equality Scheme was

written following public consultation and approved by the Equality Commission for Northern Ireland in March 2012. This five year scheme contains commitments to greater engagement with our consultees and the mainstreaming of equality into our corporate business planning processes. PBNI has also published two action plans designed to promote greater equality of opportunity and better community relations in the delivery of our service.

The Probation Board operates a Good Relations working group which is responsible for providing oversight of PBNI's statutory equality duty, and focuses specifically on co-ordinating organisational efforts to build better relations between communities in Northern Ireland, addressing hate crime and promoting better team level engagement with good relations activities.

PBNI has gathered equality monitoring information on service users since 2010. This information is used by policy writers when developing or reviewing organisational policy.

PBNI also gathers equality information on all nine equality categories as part of the staff recruitment process.

Staff received Cultural Competence and Mental Health awareness training in relation to working with people from diverse backgrounds during 2015-16.

Employee Involvement

The Probation Board maintains arrangements for regularly consulting employees so that their views may be taken into account in decision-making. Membership of two trade unions, the National Association of Probation Officers (NAPO) and the Northern Ireland Public Service Alliance (NIPSA), is available to all staff within the Probation Board. A Joint Negotiating and Consultative Committee, on which management and the two unions are represented, provides the formal consultative machinery for discussion of policy and other issues of concern to employees. In addition employees at all levels are kept informed of decisions taken by the Board and senior management, as well as of matters bearing on the performance of the organisation and directly on their terms and conditions of employment.

'Off-Payroll' Engagements

PBNI had no off payroll engagements over the £58,200 threshold during 2015-16 (£nil in 2014-15).

Assembly Accountability and Audit report

Regularity of Expenditure

There were no special payments made by the Board in 2015-16

	2015-16	2014-15
Total Losses	(5 cases) £6k	(2 cases) £29k

There was one case of client travel fraud (£1k) and 4 incidents of criminal damage at PBNI premises costing £5k to remedy.

Fees and charges

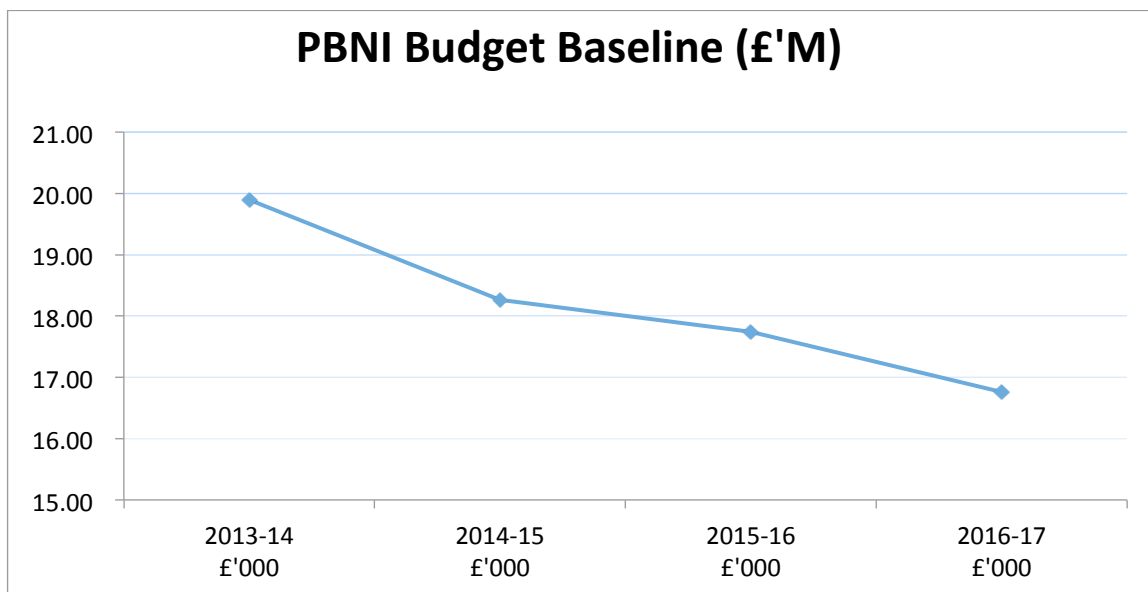
PBNI carry out statutory services in Prisons for the provision of social welfare services in prisons and young offenders' centres as set out in the Probation Board (Northern Ireland) Order 1982. PBNI charge the Northern Ireland Prison Service (NIPS) for this service. The charge is full cost recovery as agreed in a Service Level Agreement. PBNI received £1,165k in income from NIPS in 2015-16

Remote contingent liabilities

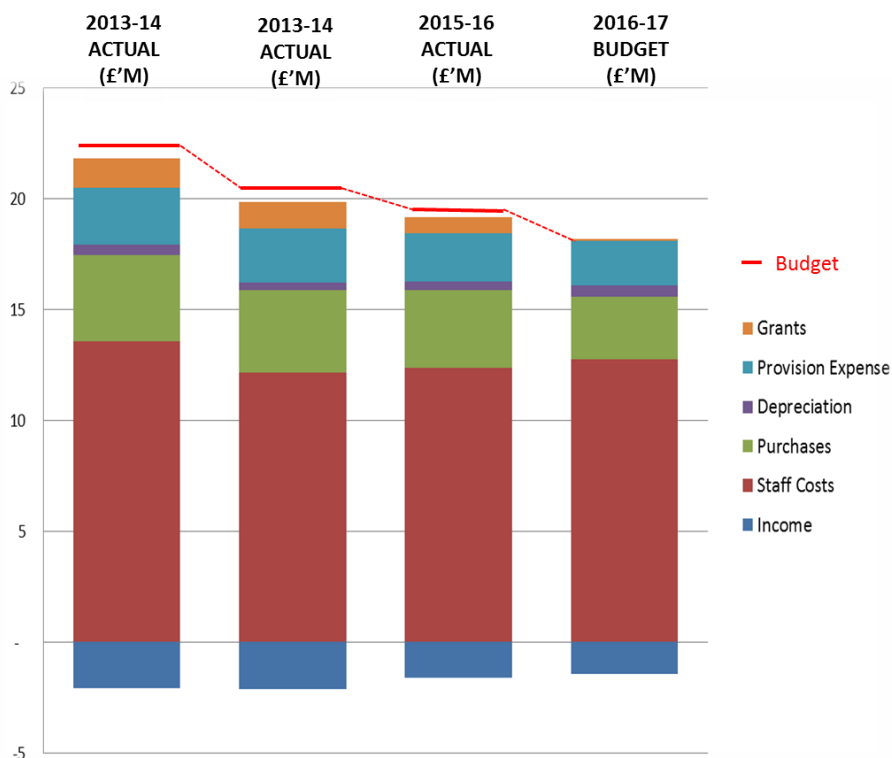
PBNI has no remote contingent liabilities to report at 31 March 2016

Long-term expenditure trends

The chart below captures the long-term summary expenditure profile of the PBNI budget over the period 2013-14 to 2016-17



The chart below shows the PBNI budget split by the major expense heading for the period 2013-14 to 2016-17.



2013-14 and 2014-15 financial years

Budgets for these years were set as part of the four year Budget 2011-15 period. During this period, covering the financial years 2011-12 to 2014-15, PBNI’s budget was reduced by 8.6% or £1.6m.

2015-16 financial year

In 2015-16, the PBNI budget was further reduced by 9.2% or £1.7m. PBNI achieved these savings through:

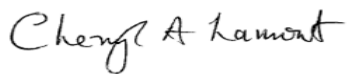
- Reducing Community grants by 87%
- Reducing Estates by 33%
- Reducing back office, non-staff costs

The Northern Ireland Prison Service (NIPS) reduced the income for staff in Prison by £500k in 2015-16 or by 30%. PBNI had to absorb this staffing pressure.

2016-17 financial year

The 2016-17 Budget outcome for PBNI is summarised below:

- The overall PBNI resource budget is reduced by 2.9% or £485k
- In order to meet this reduction PBNI had to reduce travel costs, office costs, legal costs and release temporary staff
- NIPS further reduced the income to PBNI by £39k or 2.9%
- PBNI is faced with pressures relating to National Insurance, NIPS reduction in income, increased leases and IT costs
- PBNI has been allocated a net zero capital budget. The DoJ has informed that there will be an opportunity to avail of capital funding during the 2016-17 financial year.



Ms C Lamont
(Acting) Director of Probation
16 June 2016

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY

I certify that I have audited the financial statements of the Probation Board for Northern Ireland for the year ended 31 March 2016 under the Probation Board (Northern Ireland Order) 1982 as amended by the Northern Ireland Act 1988 (Devolution of Policing and Justice Functions) Order 2010. These comprise the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity, and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration and Staff Report and the Assembly Accountability Disclosures that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to examine, certify and report on the financial statements in accordance with the Probation Board (Northern Ireland Order) 1982 as amended by the Northern Ireland Act 1988 (Devolution of Policing and Justice Functions) Order 2010. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Probation Board for Northern Ireland's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Probation Board for Northern Ireland; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on Regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of Probation Board for Northern Ireland's affairs as at 31 March 2016 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Probation Board (Northern Ireland Order) 1982 as amended by the Northern Ireland Act 1988

(Devolution of Policing and Justice Functions) Order 2010 and Department of Finance (formerly Department of Finance and Personnel) directions issued thereunder.

Opinion on other matters

In my opinion:

- the parts of the Remuneration and Staff Report and the Assembly Accountability disclosures to be audited has been properly prepared in accordance with the Probation Board (Northern Ireland Order) 1982 as amended by the Northern Ireland Act 1988 (Devolution of Policing and Justice Functions) Order 2010; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration and Staff Report and the Assembly Accountability disclosures to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with Department of Finance's (formerly Department of Finance and Personnel) guidance.

Report

I have no observations to make on these financial statements.



*KJ Donnelly
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU*

27 June 2016

PBNI FINANCIAL STATEMENTS 2015-16

STATEMENT OF COMPREHENSIVE NET EXPENDITURE for the year ended 31 March 2016

This account summarises the expenditure and income generated and consumed on an accruals basis. It also includes other comprehensive income and expenditure, which include changes to the values of non-current assets and other financial instruments that cannot yet be recognised as income or expenditure.

	Note	2015-16 £'000	2014-15 £'000
Income			
Income from Activities	5	(1,591)	(2,118)
Total Operating Income		<u>(1,591)</u>	<u>(2,118)</u>
Expenditure			
Staff costs	2	14,879	15,098
Other operating costs	3	3,565	3,699
Depreciation and impairment charges	6&7	384	363
Provision expense		216	227
Grants for Community Development	4	741	1,190
Total Operating Expenditure		<u>19,785</u>	<u>20,577</u>
Net Operating Expenditure		<u>18,194</u>	<u>18,459</u>
Finance Income		(3)	(5)
Net expenditure for the year		<u>18,191</u>	<u>18,454</u>
Other comprehensive net expenditure			
Net (gain)/loss on revaluation of Property, Plant and Equipment	6&7	(45)	(66)
Actuarial Pension Liability increase/(decrease)	11	(4,257)	2,011
Comprehensive net expenditure for the year		<u>13,889</u>	<u>20,399</u>

All amounts above relate to the continuing activities of the Probation Board.

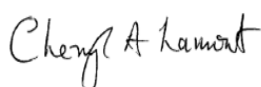
The notes on pages 65 to 94 form part of the accounts.

STATEMENT OF FINANCIAL POSITION
as at 31 March 2016

This statement presents the financial position of the Probation Board for Northern Ireland. It comprises three main components: assets owned or controlled; liabilities owed to other bodies; and equity, the remaining value of the entity.

	Note	2016 £'000	2015 £'000
Non-current assets:			
Property, plant and equipment	6	2,525	2,478
Intangible assets	7	85	90
Financial assets		21	20
Total non-current assets		<u>2,631</u>	<u>2,588</u>
Current assets:			
Assets classified as held for sale		-	75
Trade and other receivables	9	565	537
Financial assets		14	20
Cash and cash equivalents	8	38	27
Total current assets		<u>617</u>	<u>659</u>
Total assets		<u>3,248</u>	<u>3,247</u>
Current liabilities:			
Cash and cash equivalents	8	-	(83)
Trade and other payables	10	(2,079)	(2,463)
Provisions		-	(130)
Total current liabilities		<u>(2,079)</u>	<u>(2,676)</u>
Total assets less current liabilities		<u>1,169</u>	<u>571</u>
Non-current liabilities			
Provisions	11	(6,039)	(9,573)
Total non-current liabilities		<u>(6,039)</u>	<u>(9,573)</u>
Total assets less liabilities		<u>(4,870)</u>	<u>(9,002)</u>
Taxpayers' Equity and other reserves			
General Reserve		(5,638)	(9,779)
Revaluation reserve		768	777
Total Taxpayers' Equity		<u>(4,870)</u>	<u>(9,002)</u>

The notes on pages 65 to 94 form part of the accounts. The financial statements on pages 61 to 64 were approved by the Board and were signed on its behalf by:



Ms C Lamont
(Acting) Director of Probation
16 June 2016

STATEMENT OF CASH FLOWS
for the year ended 31 March 2016

The Statement of Cash Flows shows the changes in cash and cash equivalents of the NDPB during the reporting period. The statement shows how the NDPB generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of service costs and the extent to which these operations are funded by way of income from the recipients of services provided by the NDPB. Investing activities represent the extent to which cash inflows and outflows have been made for resources which are intended to contribute to the NDPB's future public service delivery.

	Note	£'000	2015-16 £'000	2014-15 £'000
Cash Flows from operating activities				
Net (expenditure) for the year			(18,191)	(18,454)
Adjustments for non-cash transactions	14	3,113		3,490
(Increase) in trade and other receivables		(28)		(71)
(Decrease)/Increase in trade and other payables		(383)		1,403
Employers Pension Costs	11	(2,088)		(2,406)
Utilisation of Provision		(43)		-
Payables movement on non-current assets		267	838	(344)
			<hr/>	<hr/>
Net cash outflow from operating activities			(17,353)	(16,383)
Cash flows from investing activities				
Purchase of property, plant and equipment	13	(628)		(75)
Purchase of intangible assets	13	(26)		(62)
Proceeds from disposal of property, plant and equipment		75		-
Loans to employees for car loans		(16)		(17)
Repayments of Loans		21		29
Net cash outflow from investing activities			(574)	(125)
Cash flows from financing activities				
Grants from Sponsoring Department			18,021	16,918
			<hr/>	<hr/>
Net financing			94	410
Net increase in cash and cash equivalents in the period			94	410
Cash and cash equivalents at the beginning of the period			(56)	(466)
			<hr/>	<hr/>
Cash and cash equivalents at the end of the period			38	(56)
			<hr/>	<hr/>

The notes on pages 65 to 94 form part of the accounts

**STATEMENT OF CHANGES IN TAXPAYER'S EQUITY
for the year ended 31 March**

This statement shows the movement in the year on the different reserves held by PBNI, analysed into 'general fund reserves' (i.e. those reserves that reflect a contribution from the Consolidated Fund). The Revaluation Reserve reflects the change in asset values that have not been recognised as income or expenditure. The General Fund represents the total assets less liabilities of an Agency, to the extent that the total is not represented by other reserves and financing items.

	General Fund	Revaluation Reserve	Total Reserves
	£'000	£'000	£'000
Balance at 31 March 2014	(6,286)	765	(5,521)
Net gain on revaluation of property, plant and equipment	-	66	66
Actuarial gain	(2,011)		(2,011)
Release of reserves to the net expenditure account	54	(54)	-
Comprehensive net expenditure	(18,454)		(18,454)
Grant from parent department	16,918		16,918
Balance at 31 March 2015	(9,779)	777	(9,002)
Changes in taxpayers' equity for 2015/16			
Net gain on revaluation of property, plant and equipment	-	45	45
Actuarial gain	4,257		4,257
Release of reserves to the net expenditure account	54	(54)	-
Comprehensive net expenditure	(18,191)		(18,191)
Grant from parent department	18,021		18,021
Balance at 31 March 2016	(5,638)	768	(4,870)

The notes on pages 65 to 94 form part of the accounts

NOTES TO THE ACCOUNTS

1. STATEMENT OF ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the 2015-16 Government Financial Reporting Manual (FReM) issued by Department of Finance (formerly Department of Finance and Personnel). The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Probation Board for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Probation Board are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.1 Accounting Convention

The financial statements are prepared under the historical cost convention modified to accounts for the revaluation of property, plant and equipment and intangible assets. The accounts are stated in sterling, which is the Probation Board's functional and presentational currency. Unless otherwise noted, the amounts shown in these financial statements are in thousands of pounds sterling (£'000).

The accounts are prepared in accordance with the accounts direction issued by the Department of Finance (formerly Department of Finance and Personnel) on 5 January 2016 for year ended 31 March 2016.

Without limiting the information given, the accounts meet the accounting and disclosure requirements issued by HM Treasury and the Department of Finance and Personnel, with particular regard to the Government Financial Reporting Manual (FReM) and other relevant guidance in so far as those requirements are appropriate.

1.2 Advances to Probation Offices

All advances to offices are also treated as receivables balances in the statement of financial position.

1.3 Department of Justice Grant

Grant income in respect of revenue and capital expenditure is credited to the General Fund in accordance with guidance contained in the FReM.

1.4 Value Added Tax

The Probation Board is now registered for VAT on secondment income only from 1 April 2014. HMRC advised the Probation Board of the registration in January 2016 and have an accrued VAT liability of £67k (2014-15 £31k; 2015-16 £36k). All other transactions are currently stated gross of VAT.

1.5 Income

Income represents services provided to the Probation Board’s customers both in the public and private sectors as invoiced or transfer from government grant reserve or donated asset reserve.

1.6 Non-Current Assets – Tangible and Intangible

The thresholds for non-current assets adopted by Probation Board are given below.

CATEGORY	METHOD OF RECORDING	THRESHOLD	ESTIMATED USEFUL LIVES
Land	Individual	£ Nil	Freehold – Infinite Leasehold – Length of Lease
Buildings and dwellings	Individual	£ Nil	Freehold – 20 to 80 years Leasehold – Length of Lease
Motor Vehicles	Individual	£1,000	5 years
Furniture and fittings	Individual	£500	10 years
Plant and machinery	Individual	£500	5 years
Office machinery and equipment	Individual	£500	5 years
Computer hardware Telecoms and networks	Individual	Attractive items of value normally in excess of £100	5 years
Computer software and licences (Intangible)	Individual	£5,000	5-7 years

Method of Recording.

Non-current assets are capitalised individually in asset register rather than capitalised as a group of assets.

Threshold.

Expenditure in each category is capitalised and included in asset register if equal to or greater than the threshold value indicated for each category.

Measurement and Valuation

All tangible and intangible non-current assets are carried at fair value.

The estimated useful lives of assets are reviewed regularly and when necessary revised. Land and assets in the course of construction are not depreciated. Depreciation is provided on a straight line basis in order to write off the valuation of all other non-current assets over their estimated useful lives. A full month's depreciation is charged in the month of acquisition of assets, but no depreciation is charged in the month of disposal of the assets.

The Probation Board has capitalised its non-property assets at depreciated replacement cost. Donated assets have been capitalised at fair value on receipt. These are also revalued in the same way as all other noncurrent assets as outlined below.

All non-current assets with the exception of land and buildings and assets under construction are revalued by reference to appropriate Office for National Statistics indices as a proxy for fair value. Revaluations are recognised on an asset-by-asset basis with no account taken of potential profit or loss on other non-current assets. A desk-based valuation of land and buildings is completed annually by Land and Property Services with a full professional valuation every 5 years. A full professional valuation was carried out as at 28 February 2013.

1.7 Leases

All leases for land and buildings occupied by the Probation Board are considered to be operating leases. If finance leases were to exist, the assets would be capitalised at the commencement of the lease term at the fair value of the leased asset. The corresponding lease commitments would be shown as finance leases obligations within liabilities. Depreciation on capitalised leased assets would be charged in line with the depreciation policy for similar assets.

The leases in place within the Probation Board are classified as operating leases, where a significant proportion of the risks and rewards are held by the lessor. Rentals are charged to the net expenditure account over the period of the lease.

1.8 Pension Costs

Most staff of the Probation Board are members of the Local Government Pension Scheme (NI). Further details regarding the operation of the pension scheme are contained in the pensions section of note 2, note 11 to the accounts and the Remuneration and Staff Report.

1.9 Early Departure Costs

The Probation Board is required to provide in full for the cost of paying pensions of employees who retire early from the date of their retirement until the pension is no longer due to the individuals or their spouses.

Payments during the year in respect of these individuals are charged to the provision. Each year the provision is recalculated and restated if necessary with any under or over provision charged or credited to Other Operating Costs. This is part of the IAS19 actuarial valuation and it is shown in Note 11 – Pension Commitments.

1.10 Provisions

The Probation Board provides for legal or constructive obligations which are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation.

1.11 Contingent Liabilities

Contingent liabilities are disclosed in accordance with IAS 37.

1.12 Assets classified as held for sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met when the asset is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to complete within one year of the classification.

1.13 Grants for Community Development

Grants paid to community bodies are part of the ordinary activities of the Probation Board and are charged to Other Expenditure as incurred. Grants are offered and issued in accordance with the Probation Board's grant terms, conditions and finance instructions. Community bodies are required to incur all expenditure by the Probation Board's financial year end. There are no unclaimed grants at year end.

1.14 Insurance

Except where there is a statutory requirement to do so, the Probation Board does not take out general insurance. Instead, expenditure in connection with uninsured risks is charged as incurred.

1.15 Notional Costs

There are no notional costs relating to the running of the Probation Board

1.16 Financial Instruments

Financial assets and liabilities are recognised when the Probation Board becomes party to the contractual provisions of the instrument. Financial assets are derecognised when the Probation Board no longer has rights to cash flows, the risks and rewards of ownership or control of the asset. Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expires.

1.16.1 Financial Assets

Trade and other receivables

Financial assets within trade and other receivables are recognised and retained at invoiced cost which is considered to equate to fair value as the contractual obligations are short term in nature and based on standard invoiced prices. Provisions are made specifically where there is objective evidence of a dispute or inability to pay.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and current balances with banks which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value and have an original maturity of three months or less. Bank overdrafts are included within loans and other borrowings in current liabilities on the statement of financial position.

Impairment of financial assets

The Probation Board assess at each reporting date whether a financial asset or group of financial assets are impaired. Where there is objective evidence that an impairment loss has arisen on assets carried at amortised cost, the carrying amount is reduced with the loss being recognised in the Net Expenditure Account.

1.16.2 Financial Liabilities

Trade and other payables

Financial liabilities within trade and other payables are recognised and retained at invoiced cost which is considered to equate to fair value as all such liabilities are short term in nature.

1.17 Employee Benefits

Under IAS 19 an employing entity should recognise the undiscounted amount of short term employee benefits expected to be paid in exchange for the service. The Probation Board has recognised annual leave entitlements that have been earned by year end but not yet taken. These are included in current liabilities.

1.18 Segmental Reporting

In line with the provisions of IFRS 8: Operating Segments, the Probation Board does not analyse its net expenditure by operating segment as it has concluded that it has no separately identifiable operating segments. This conclusion is based on the Probation Board's current system/format of internal management reporting to the Director of Probation, Senior Management Team and Board, who consider financial performance at Probation Board level.

1.19 Critical accounting estimates and key judgements

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Probation Board's accounting policies. We continually evaluate our estimates, assumptions and judgements based on available information and experience. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates. The estimates and assumptions which have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below:

(i) Depreciation of property, plant and equipment

Depreciation is provided in the accounts so as to write down the respective assets to their residual values over their expected residual lives and as such the selection of the estimated useful lives and the expected residual values of the assets require the use of estimates and judgements. Details of the estimated useful lives are shown in Note 1.6.

(ii) Impairment of property, plant and equipment

Where there is an indication that the carrying values of items of property, plant and equipment may have been impaired through events or changes in circumstances, a review will be undertaken of the recoverable amount of that asset.

(iii) Pension and other post-retirement benefits

The Probation Board accounts for pension and other post-retirement benefits in accordance with IAS 19. In determining the pension cost and the defined benefit obligation of the pension scheme, a number of assumptions are used by the Actuary, these include the discount rate, salary growth, price inflation, the expected return on the schemes' investments and mortality rates. Further details are contained in Note 11.

(iv) Calculation of employee benefits – This calculation is based on a 10% sample of the workforce in the Probation Board, across all grades and specialisms. The sample results are then used as a basis for calculating an overall figure for the Probation Board.

1.20 Accounting standards, interpretations and amendments to published standards and *FReM*

Update on 2014-15 position:

Standard	Comments
IFRS 10 - <i>Consolidated Financial Statements</i> IFRS 11 - <i>Joint Arrangements</i> IFRS 12 - <i>Disclosure of Interests in Other Entities</i>	<p>The International Accounting Standards Board (IASB) has issued new and amended Standards (IFRS 10, IFRS 11 and IFRS 12) that affect the consolidation and reporting of subsidiaries, associates and joint ventures. These Standards are effective with EU adoption from 1 January 2014.</p> <p>Accounting boundaries for IFRS purposes are currently adapted in the <i>FReM</i> so that the Westminster departmental accounting boundary is based on Office of National Statistics control criteria, as designated by HM Treasury. A similar review in Northern Ireland (NI), which will bring NI departments under the same adaptation, has been carried out but a decision has yet to be made by the Executive. Should the Executive agree to the recommendations, the accounting boundary for departments will change and there will also be an impact on departments around the disclosure requirements under IFRS 12. Arm's Length Bodies (ALBs) apply IFRS in full and their consolidation boundary may change as a result of the new Standards</p>

Issued and effective in 2015-16 for the first time:

Standard	Comments
IFRS 13 - <i>Fair Value Measurement</i> (new)	<p>IFRS 13 has been prepared to provide consistent guidance on fair value measurement for all relevant balances and transactions covered by IFRS (except where IFRS 13 explicitly states otherwise). The Standard defines fair value, provides guidance on fair value measurement techniques, and sets out the disclosure requirements.</p> <p>Although IFRS 13 is applied without adaptation, IAS 16 <i>Property, Plant and Equipment</i> and IAS 38 <i>Intangible assets</i> have been adapted and interpreted for the public sector context to limit the circumstances in which a valuation is prepared under IFRS 13.</p> <p>IAS 16 is adapted to specify the valuation bases for assets which are held for their service potential (i.e. operational assets) and assets which were most recently held for their service potential but are surplus.</p> <p>IAS 38 has been adapted for the public sector dependent on whether or not an active (homogeneous) market exists.</p>

1.21 Accounting standards, interpretations and amendments to published standards not yet effective

In addition, certain new standards, interpretations and amendments to existing standards have been published that are mandatory for the accounting periods beginning on or after 1 April 2016 or later periods, but which PBNI has not adopted early. Other than as outlined below, PBNI considers that these standards are not relevant or material to its operations.

Standard	IFRS 15 - <i>Revenue from Contracts with Customers</i> (IAS 18 <i>Revenue</i> replacement) (new)
Effective date	1 January 2018 (not yet EU adopted) - with a view to include in the 2018-19 <i>FReM</i> .
Description of revision	<p>The core principle recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled, in exchange for those goods or services. The Standard sets out five steps to recognise revenue and also includes requirements for accounting for contract costs.</p> <p>The disclosure objective of the new Standard is to establish the application principles required for entities to report useful information to the users of financial statements to better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.</p>
Comments	The introduction of IFRS 15 is subject to analysis and review by HM Treasury and the other Relevant Authorities. HM Treasury will be issuing an Exposure Draft on IFRS 15 over the Summer of 2016. Subsequent clarifications raised will also be reviewed as a part of the implementation project.

Standard	IFRS 16 - <i>Leases</i> (IAS 17 <i>Leases</i> replacement) (new)
Effective date	1 January 2019 (not yet EU adopted) - with a view to include in the 2019-20 <i>FReM</i> .
Description of revision	<p>IFRS 16 has been developed by the IASB with the aim of improving the financial reporting of leasing activities in light of criticisms that the previous accounting model for leases failed to meet the needs of users of financial statements.</p> <p>IFRS 16 largely removes the distinction between operating and finance leases for lessees by introducing a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. This is a significant change in lessee accounting.</p>
Comments	The introduction of IFRS 16 is subject to analysis and review by HM Treasury and the other Relevant Authorities. HM Treasury will issue an Exposure Draft on IFRS 16 in advance of the effective date.

1.22 Financial Reporting - Future Developments

PBNI has considered the remaining additional or revised accounting standards and new (or amendments to) interpretations contained within *FReM* 2016-16. PBNI considers that these changes are not relevant to its operations.

2. STAFF COSTS

	2015-16 £'000	2014-15 £'000
Wages and salaries	13,135	13,793
Social security costs	832	879
Other pension costs	-	45
SUB TOTAL	<u>13,967</u>	<u>14,717</u>
Board members' remuneration and expenses	98	105
Inward secondments	107	112
Agency/Temporary staff	707	164
TOTAL	<u>14,879</u>	<u>15,098</u>
Less recoveries in respect of outward secondments	(305)	(274)
TOTAL	<u>14,574</u>	<u>14,824</u>

3. OTHER OPERATING COSTS

	2015-16 £'000	2014-15 £'000
<i>Other operating costs include:</i>		
Staff related costs	579	522
Rentals under operating leases	569	705
Accommodation costs	1,014	906
Office services	689	728
Contracted out services	217	249
Professional costs	258	252
Audit and accountancy fees	21	28
Managed services	2	2
Consumables, materials and equipment costs	109	127
Commissions and tribunal costs	18	35
Non-capital purchases	11	8
Client and other programme operating costs	65	76
Loss on disposal of non-current assets	4	14
Other	9	47
	<u> </u>	<u> </u>

3,565	3,699
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4. GRANTS FOR COMMUNITY DEVELOPMENT

Grants in respect of schemes for the supervision and assistance of offenders and the prevention of crime:

	2015-16 £'000	2014-15 £'000
Grants over £100,000		
Northern Ireland Association for the Care & Resettlement of Offenders ¹	460	284
Extern	-	120
DoJ Family Support	-	100
Grants £50,001 - £100,000		
Women's Aid Federation ²	55	158
Grants £25,001 - £50,000		
Community Restorative Justice ³	35	37
NI Alternatives ³	35	-
Barnardo's ⁴	27	-
Must Hostel	-	35
R.E.A.C.T	-	48
Breakthru Drugs Awareness	-	40
West Belfast Parent and Youth Support Group	-	45
Grants up to £25,000 ⁵	129	323
	741	1,190

¹ Northern Ireland Association for the Care & Resettlement of Offenders - Funding includes £350k from The Executive Change fund for the RESET programme awarded under a competitive tender; £29k for Women's support services and £81k for Access Employability services – both awarded under competitive tender.

² Women's Aid Federation - Funding for Domestic Abuse Safety Services awarded to the supplier based on the outcome of a competitive tender open to the Community and Voluntary Sector

³ CRJI & NI Alternatives - Funding of £35k each from Assets Recovery Community Scheme

⁴ Barnardo's - £27k awarded under competitive tender for Parenting/ Family Services

⁵ Community Services - Funding for Community Service Placements

5. INCOME

	2015-16	2014-15
	£'000	£'000
Income from Activities		
Other DoJ Income – Criminal Confiscation Receipts	-	14
NI Prison Service	1,165	1,648
Secondment	305	274
Other Income	121	182
	<u>1,591</u>	<u>2,118</u>

Prison Service - £1,165k as per Service Level Agreement between the Probation Board and the NI Prison Service for the provision of social welfare services in prisons and young offenders' centres as set out in the Probation Board (Northern Ireland) Order 1982.

Secondment - £305k represents salary and travel income of seconded staff.

Other Income - £121k reflects receipts for grant funding income re-directed to community grants (£70k); recharges for services supplied to other public bodies for rent, student training fees and additional receipts for rebates on rates and utilities expenditure for offices which closed during 2015-16.

6. PROPERTY, PLANT AND EQUIPMENT

Land and Property Services carried out a valuation of land and buildings at 28 February 2016. There was no significant change in this valuation during March 2016. A full professional valuation was carried out at 28 February 2013 and the next one will be carried out at 28 February 2018. The valuations have been made in accordance with the Appraisal and Valuation Manual prepared and published by the Royal Institution of Chartered Surveyors on the basis of Existing Use Value or Open Market Value as appropriate.

The market value of land and buildings is £1,892k and this is also the existing use value. Included within land and buildings is land valued at £647k, which is non-depreciable.

6. PROPERTY, PLANT AND EQUIPMENT

2015-16 Note	Land £'000	Buildings & Dwellings £'000	Motor Vehicles £'000	Plant and Machinery £'000	Office Machinery and equipment £'000	Computer Hardware £'000	Telecoms and networks £'000	Furniture and Fittings £'000	Payments on Account £'000	Total £'000
Cost/ Valuation										
At 1 April 2015	647	3,488	67	78	561	1,386	132	60	-	6,419
Additions	-	156	-	4	47	112	36	5	-	360
Disposals	-	-	(20)	-	(41)	(45)	-	(2)	-	(108)
Indexation	-	65	-	-	3	(1)	1	-	-	68
Impairment	-	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	(2)	-	-	-	(2)
At 31 March 2016	647	3,709	47	82	570	1,450	169	63	-	6,737
Accumulated Depreciation										
At 1 April 2015	-	2,319	40	58	414	995	73	42	-	3,941
Charged in year	-	123	6	7	50	146	16	5	-	353
Disposals	-	-	(20)	-	(37)	(45)	-	(2)	-	(104)
Indexation	-	22	-	-	2	(1)	-	-	-	23
Impairment	-	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	(1)	-	-	-	(1)
At 31 March 2016	-	2,464	26	65	429	1094	89	45	-	4,212

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

2015-16 Note	Land £'000	Buildings & Dwellings £'000	Motor Vehicles £'000	Plant and Machinery £'000	Office				Total £'000	
					Machinery and equipment £'000	Computer Hardware £'000	Telecoms and networks £'000	Furniture and Fittings £'000		Payments on Account £'000
Carrying amount at 31 March 2016	647	1,245	21	17	141	356	80	18	-	2,525
Carrying amount at 31 March 2015	647	1,169	27	20	147	391	59	18	-	2,478
Asset financing:										
Owned	647	1,245	21	17	141	356	80	18	-	2,525
Finance Lease	-	-	-	-	-	-	-	-	-	-
Contracts	-	-	-	-	-	-	-	-	-	-
Carrying amount at 31 March 2016	647	1,245	21	17	141	356	80	18	-	2,525

6. PROPERTY, PLANT AND EQUIPMENT

2014-15 Note	Land £'000	Buildings & Dwellings £'000	Motor Vehicles £'000	Plant and Machinery £'000	Office Machinery and equipment £'000	Computer Hardware £'000	Telecoms and networks £'000	Furniture and Fittings £'000	Payments on Account £'000	Total £'000
Cost/ Valuation										
At 1 April 2014	647	4,186	40	70	591	1,402	80	66	-	7,082
Additions	-	143	27	8	30	158	52	1	-	419
Disposals	-	(882)	-	-	(65)	(174)	-	(7)	-	(1,128)
Indexation	-	41	-	-	5	-	-	-	-	46
Impairment	-	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-	-	-
At 31 March 2015	647	3,488	67	78	561	1,386	132	60	-	6,419
Accumulated Depreciation										
At 1 April 2014	-	3,079	40	53	421	1,033	71	42	-	4,739
Charged in year	-	141	-	5	48	134	2	5	-	335
Disposals	-	(879)	-	-	(58)	(172)	-	(5)	-	(1,114)
Indexation	-	13	-	-	3	-	-	-	-	16
Impairment	-	-	-	-	-	-	-	-	-	-
Revaluation	-	(35)	-	-	-	-	-	-	-	(35)
At 31 March 2015	-	2,319	40	58	414	995	73	42	-	3,941

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

2014-15 Note	Land	Buildings & Dwellings	Motor Vehicles	Plant and Machinery	Office Machinery and equipment	Computer Hardware	Telecoms and networks	Furniture and Fittings	Payments on Account	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Carrying amount at 31 March 2015	647	1,169	27	20	147	391	59	18	-	2,478
Carrying amount at 31 March 2014	647	1,107	-	16	170	370	10	23	-	2,343
Asset financing:										
Owned	647	1,169	27	20	147	391	59	18	-	2,478
Finance Lease	-	-	-	-	-	-	-	-	-	-
Contracts	-	-	-	-	-	-	-	-	-	-
Carrying amount at 31 March 2015	647	1,169	27	20	147	391	59	18	-	2,478

7. INTANGIBLE ASSETS

2015-16 Note	Software Licences £'000
Cost/Valuation	
At 1 April 2015	1,015
Indexation	1
Additions	27
Disposals	-
At 31 March 2016	<u>1,043</u>
Accumulated Amortisation	
At 1 April 2015	925
Indexation	2
Charged in Year	31
Disposals	-
At 31 March 2016	<u>958</u>
Carrying amount at 31 March 2016	<u>85</u>
Carrying amount at 31 March 2015	<u>90</u>
Asset financing:	
Owned	85
Finance Lease	-
Contracts	-
Carrying amount at 31 March 2016	<u>85</u>

7. INTANGIBLE ASSETS (Continued)

2014-15 Note	Software Licences £'000
Cost/Valuation	
At 1 April 2014	952
Indexation	1
Additions	62
Disposals	-
At 31 March 2015	<u>1,015</u>
 Accumulated Amortisation	
At 1 April 2014	902
Indexation	-
Charged in Year	23
Disposals	-
At 31 March 2015	<u>925</u>
 Carrying amount at 31 March 2015	<u>90</u>
Carrying amount at 31 March 2014	<u>50</u>
 Asset financing:	
Owned	90
Finance Lease	-
Contracts	-
Carrying amount at 31 March 2015	<u>90</u>

8. CASH AND CASH EQUIVALENTS

	2015-16 £'000	2014-15 £'000	2013-14 £'000
Commercial banks	14	(83)	(494)
Office bank/cash	24	27	28
	<u>38</u>	<u>(56)</u>	<u>(466)</u>

9. TRADE AND OTHER RECEIVABLES

	2015-16 £'000	2014-15 £'000
Amounts falling due within one year:		
Trade receivables	296	241
Prepayments and accrued income	269	296
	<u>565</u>	<u>537</u>

10. TRADE AND OTHER PAYABLES

	2015-16 £'000	2014-15 £'000
Amounts falling due within one year:		
HM Revenue and Customs	68	515
Accruals and deferred income	2,011	1,948
	<u>2,079</u>	<u>2,463</u>

HMRC payables include a VAT liability accrual on 2014-16 secondee income (67k) and Corporation Tax on interest income from car loans (1k).

During 2015-16 HMRC reviewed PBNI income and confirmed that income from secondments that are carried out under statute or any special legal regime are outside the scope of VAT however there were two secondments which were liable to VAT. HMRC have confirmed that PBNI should therefore be registered for VAT from 1 April 2014. PBNI were registered for VAT from January 2016 with first quarterly VAT return due May 2016.

11. PENSION COMMITMENTS

Introduction

The Probation Board makes employer contributions to the Northern Ireland Local Government's Officers Superannuation Scheme (NILGOSC).

The disclosures below relate to the funded liabilities within the Northern Ireland Local Government Officers' Pension Fund (the "Fund") which is part of the Local Government Pension Scheme (Northern Ireland) (the "LGPS").

The LGPS is a funded defined benefit plan with benefits earned up to 31 March 2016 being linked to final salary. Benefits after 31 March 2015 are based on a Career Average Revalued Earnings Scheme. Details of the benefits earned over the period covered by this disclosure are set out in 'LGPS (Benefits, Membership and Contributions) Regulations (Northern Ireland) 2009' (as amended).

The unfunded pension arrangements relate to the termination benefits made on a discretionary basis upon early retirement in respect of members of the Local Government Pension Scheme (Northern Ireland) under the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations (Northern Ireland) 2007.

Funding/Governance Arrangements of the LGPS

The funded nature of the LGPS requires participating employers and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension liabilities with investment assets. Information on the framework for calculating contributions to be paid is set out in LGPS (Administration) Regulations (Northern Ireland) 2009 (as amended) and the Fund's Funding Strategy Statement. The last actuarial valuation was at 31 March 2013 and the contributions to be paid until 31 March 2017 resulting from that valuation are set out in the Fund's Rates and Adjustment Certificate. An actuarial valuation of the Fund will be carried out at 31 March 2016 and as part of that valuation a new Rates and Adjustment Certificate will be produced for the period three year period from 1 April 2017.

The Fund Administering Authority, Northern Ireland Local Government Officers' Superannuation Committee is responsible for the governance of the Fund.

Assets

The assets allocated to the Employer in the Fund are notional and are assumed to be invested in line with the investments of the Fund for the purposes of calculating the return to be applied to those notional assets over the accounting period. The Fund is large and holds a significant proportion of its assets in liquid investments. As a consequence there will be no significant restriction on realising assets if a large payment is required to be paid from the Fund in relation to an employer's liabilities. The assets are invested in a diversified spread of investments and the approximate split of assets for the Fund as a whole (based on data supplied by the Administering Authority) is shown in the disclosures split by quoted and unquoted investments.

The Administering Authority may invest a small proportion of the Fund's investments in the assets of some of the employers participating in the Fund if it forms part of their balanced investment strategy.

Risks associated with the Fund in relation to accounting

Asset volatility

The liabilities used for accounting purposes are calculated using a discount rate set with reference to corporate bond yields. If assets under perform this yield this will create a deficit in the accounts. The Fund holds a significant proportion of growth assets which while expected to outperform corporate bonds in the long term creates volatility and risk in the short term in relation to the accounting figures.

Changes in Bond Yield

A decrease in corporate bond yields will increase the value placed on the liabilities for accounting purposes although this will be marginally offset by the increase in the assets as a result.

Inflation Risk

The majority of the pension liabilities are linked to either pay or price inflation. Higher inflation expectations will lead to a higher liability value. The assets are either unaffected or loosely correlated with inflation meaning that an increase in inflation will increase the deficit.

Life expectancy

The majority of the Fund’s obligations are to provide benefits for the life of the member following retirement, so increases in life expectancy will result in an increase in the liabilities.

Exiting employers

Employers who leave the Fund (or their guarantor) may have to make an exit payment to meet any shortfall in assets against their pension liabilities. If the employer (or guarantor) is not able to meet this exit payment the liability may in certain circumstances fall on other employers in the Fund. Further the assets at exit in respect of ‘orphan liabilities’ may, in retrospect, not be sufficient to meet the liabilities. This risk may fall on other employers. ‘Orphan liabilities’ are currently a small proportion of the overall liabilities in the Fund.

11.1 Assumptions and sensitivity of results

The principal assumptions used by the actuary in updating the latest valuation of the Fund for IAS 19 purposes were are as follows:

Financial Assumptions

	31/03/16	31/03/15	31/03/14	31/03/13	31/03/12
Inflation Increase Rate (CPI)	1.8%	1.8%	2.4%	2.8%	2.5%
Inflation Increase (RPI)	2.9%	2.9%	3.4%	3.7%	3.3%
Salary Increase Rate	3.3%	3.3%	3.9%	5.2%	4.8%
Pension Increase Rate	1.8%	1.8%	2.4%	2.8%	2.5%
Discount rate	3.4%	3.2%	4.3%	4.5%	4.8%

Mortality

The mortality assumptions are based on the recent actual mortality experience of members within the Fund and allow for expected future mortality improvements. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current Pensioners	22.3 years	24.8 years
Future Pensioners	24.5 years	27.2 years

Sensitivity of results

The approximate impact of changing the key assumptions on the present value of the funded defined benefit obligation as at 31 March 2016 and the projected service costs for the year ending 31 March 2016 is set out below. This does not include sensitivity of unfunded benefits on materiality grounds.

Discount rate assumption		
Adjustment to discount rate	+0.1% p.a.	-0.1% p.a.
Present value of total obligation (£'000s)	96,708	100,411
% change in present value of total obligation	-1.9%	1.9%
Projected service cost (£'000s)	2,320	2,464
Approximate % change in projected service cost	-3.0%	3.1%
Rate of general increase in salaries		
Adjustment to salary increase rate	+0.1% p.a.	-0.1% p.a.
Present value of total obligation (£'000s)	99,099	97,991
% change in present value of total obligation	0.6%	-0.6%
Projected service cost (£'000s)	2,391	2,391
Approximate % change in projected service cost	0.0%	0.0%
Rate of increase to pensions in payment and deferred pensions assumption		
Adjustment to pension increase rate	+0.1% p.a.	-0.1% p.a.
Present value of total obligation (£'000s)	99,849	97,253
% change in present value of total obligation	1.3%	-1.3%
Projected service cost (£'000s)	2,464	2,320
Approximate % change in projected service cost	3.1%	-3.0%
Post retirement mortality assumption		
Adjustment to mortality age rating assumption*	-1 year	+1 year
Present value of total obligation (£'000s)	101,121	95,963
% change in present value of total obligation	2.6%	-2.6%
Projected service cost (£'000s)	2,473	2,309
Approximate % change in projected service cost	3.4%	-3.4%

*A rating of +1 year means that members are assumed to follow the mortality pattern of the base table for an individual that is 1 year older than them.

Statement of Financial Position Disclosures at 31 March 2016

11.2 Fair Value of employer assets

Year Ended:	31 March 2016	31 March 2015	31 March 2014	31 March 2013	31 March 2012
	£'000	£'000	£'000	£'000	£'000
Equities	66,636	65,209	57,876	54,085	44,247
Government Bonds	5,283	5,092	4,602	7,798	8,371
Corporate Bonds	5,931	5,806	4,758	358	-
Property	12,234	11,255	8,736	5,509	4,783
Cash	2,132	1,787	2,028	3,362	2,392
Other	463	179	-	429	-
Total	92,679	89,328	78,000	71,541	59,793

The above assets' values as at 31 March 2016 are at bid value as required under IAS19. The assets allocated to the Employer in the Fund are notional and the assets are assumed to be invested in line with the investments of the Fund for the purposes of calculating the return to be applied to those notional assets. The Fund is large and largely liquid and as a consequence there will be no significant restriction on realising assets if the situation arises.

11.3 Statement of Financial Position

Year Ended	31 March 2016	31 March 2015	31 March 2014	31 March 2013 Restated	31 March 2012
	£'000	£'000	£'000	£'000	£'000
Fair Value of Employer Assets	92,679	89,328	78,000	71,541	59,793
Present Value of Funded Liabilities	(98,542)	(98,715)	(84,628)	(81,848)	(69,150)
Net (Under)/Overfunding in Funded Plans	(5,863)	(9,387)	(6,628)	(10,307)	(9,357)
Present Value of Unfunded Liabilities	(176)	(186)	(176)	(194)	(174)
Net Asset/(Liability)	(6,039)	(9,573)	(6,804)	(10,501)	(9,531)
Amount in the Statement of Financial Position – Liabilities	6,039	9,573	6,804	10,501	9,531
Net Asset/(Liability)	(6,039)	(9,573)	(6,804)	(10,501)	(9,531)

Statement of Comprehensive Net Expenditure Costs at 31 March 2016

11.4 Recognition in the Statement of Comprehensive Net Expenditure

Year Ended	31 March 2016	31 March 2015
	£'000	£'000
Current Service Cost (excluding Administration expense)	2,426	2,664
Administration expense	30	33
Past Service Cost (including curtailments)	82	222
Interest on net defined benefit liability	273	246
Pension expense recognised in statement of comprehensive net expenditure	2,811	3,165
Actual Return on Plan Assets	2,549	10,272

11.5 Reconciliation of defined benefit obligation during the accounting period

Year Ended:	31 March 2016 £'000	31 March 2015 £'000
Opening Defined Benefit Obligation	98,901	84,804
Current Service Cost	2,426	2,664
Administration Expense	30	33
Interest expense	3,145	3,618
Contributions by Members	684	601
Actuarial Losses/(Gains)	(4,580)	8,911
Past Service Costs	82	222
Losses/(Gains) on Curtailments	-	-
Estimated Unfunded Benefits Paid	(8)	(8)
Estimated Benefits Paid	(1,962)	(1,944)
Closing Defined Benefit Obligation	98,718	98,901

11.6 Reconciliation of fair value of employer assets

Year Ended:	31 March 2016 £'000	31 March 2015 £'000
Opening Fair Value of Employer Assets	89,328	78,000
Interest income on assets	2,872	3,372
Contributions by Members	684	601
Contributions by Employer	2,080	2,399
Contributions in respect of Unfunded Benefits	8	8
Actuarial Gains/(Losses)	(323)	6,900
Unfunded Benefits Paid	(8)	(8)
Benefits Paid	(1,962)	(1,944)
Closing Fair value of Employer Assets	92,679	89,328

11.7 Amounts for the current and previous accounting periods

Year Ended:	31 March 2016 £'000	31 March 2015 £'000	31 March 2014 £'000	31 March 2013 Restated £'000
Fair Value of Employer Assets	92,679	89,328	78,000	71,541
Present Value of Defined Benefit Obligation	(98,542)	(98,715)	(84,628)	(81,848)
Surplus/(Deficit)	(5,863)	(9,387)	(6,628)	(10,501)
Experience Gains/(Losses) on Assets	(323)	6,900	2,016	7,577
Experience Gains/(Losses) on Liabilities	(639)	(373)	1,741	66
Actuarial Gains/(Losses) on Employer Assets	(323)	6,900	2,016	7,577
Actuarial Gains/(Losses) on Obligation	4,580	(8,911)	2,684	(8,017)
Actuarial Gains/(Losses) recognised in SOCTE	4,257	(2,011)	4,700	(440)

11.8 Estimate of employer's contributions for financial year 2016-17- £2,148,000

12. ANALYSIS OF GENERAL FUND

	2015-16 £'000	2014-15 £'000
General Fund including pension	(5,638)	(9,779)
Add back Pension Fund	6,039	9,573
General Fund excluding pension	<u>401</u>	<u>(206)</u>

13. RECONCILIATION OF NON-CURRENT ASSET ADDITIONS

	2015-16 £'000	2014-15 £'000
Non-current Asset Additions (Notes 6&7)	387	481
Opening Non-current Asset Payables	405	61
Closing Non-current Asset Payables	(138)	(405)
Cash Outflow in respect of Capital Expenditure	<u>654</u>	<u>137</u>

14. CASH FLOW ADJUSTMENTS FOR NON - CASH TRANSACTIONS

	2015-16 £'000	2014-15 £'000
Depreciation and amortisation charge	384	358
Non-cash Pension Costs	2,508	2,886
Provision Movement - Other	(87)	(52)
Pension provision borrowing income	303	279
Impairment	1	5
Loss on Disposal of Non-Current Assets	4	14
	<u>3,113</u>	<u>3,490</u>

15. COMMITMENTS UNDER OPERATING LEASES

Total future minimum lease payments under operating leases are analysed for each of the following periods.

Operating Leases	Land and Buildings	Other	2015-16	2014-15
	£'000	£'000	Total £'000	Total £'000
Within one year	448	2	450	450
Between two and five years	1,255	-	1,255	1,551
After 5 years	554	-	554	650
Total	<u>2,257</u>	<u>2</u>	<u>2,259</u>	<u>2,651</u>

16. CONTINGENT LIABILITIES

There is currently 1 personal injury claim in which legal proceedings have been instituted or it has been indicated that proceedings may be brought.

17. RELATED PARTY TRANSACTIONS

The Probation Board is a Non-Departmental Public Body sponsored by the Department of Justice. The Department of Justice is regarded as a related party for the year 2015-16. During the year the Probation Board had various transactions with the Department and other entities for which the Department of Justice was regarded as the parent Department, i.e. NI Prison Service as disclosed in Note 5

To capture information on related party transactions, the Probation Board has circularised Members and Senior Management. Due to the nature of the Probation Board's operations and the composition

of the Board, it is inevitable that transactions will take place with organisations in which a Member of the Board or Senior Manager may have an interest. All such transactions are conducted at arm's length and in accordance with the Probation Board's policies. The Register of Interests is available on the Probation Board website www.pbni.org.uk.

The following Related Party Transactions were incurred during the year:

Mrs J Erskine, Deputy Chairman of the Board, is also a Committee Member of the Northern Ireland Social Care Council (NISCC). Mrs M O'Rourke, Board Member to November 2015 is an employee of the Northern Ireland Social Care Council. PBNI has received income of £13k relating to student placements. The Probation Board also made payments of £1k to NISCC in respect of registration. Neither Mrs J Erskine nor Mrs M O'Rourke was involved in the decision making process for these transactions.

Mrs. J Erskine is also a member of the Northern Ireland Local Government Superannuation Committee (NILGOSC) who oversee pension investments for serving and former PBNI employees. PBNI paid £2,088k to NILGOSC in 2015-16 in the form of employer contributions. Mrs J Erskine was not involved in any matters relating to pension.

Mr D Brown, a member of the Board, is also a Board member in the Youth Justice Agency. The Probation Board received income of £10k from the Youth Justice Agency relating to a Duke of Edinburgh secondment in 2015-16. During 2015-16 the YJA transferred £41k budget to PBNI to cover charges for the Board's use of YJA premises. PBNI charged YJA for use of its two rural offices – Newry and Portadown and recovered £6k against accommodation costs. Mr D Brown was not involved in the decision making process for any of the above transactions.

Mr T O'Hanlon is a councillor for Armagh City, Banbridge and Craigavon Borough Council. PBNI awarded a Community Services grant of £1.1k to a Community and Voluntary Programme (Restore) run by council employees. PBNI received payment from the council of £5k for services provided. PBNI also made miscellaneous payments totaling £1.5k for use of council premises. Mr T O'Hanlon was not involved in the decision making process relating to any of the above transactions.

Mr D Wall is a member of the Board of Northern Ireland Association for the Care and Resettlement of Offenders (NIACRO). During 2015-16 £460k was paid to NIACRO for supply of services across a number of programmes all of which were awarded via an open tender under departmental procurement guidelines. Mr D Wall was not involved in the procurement exercise or any decision making process in the awarding of any service contracts.

Ms B Stuart is vice chairperson of EXTERN. During 2015-16 £0.3k was paid to Extern in respect of charges for hostel accommodation for clients. Ms Stuart is also a Lay Magistrate. PBNI paid £24.9k to the Northern Ireland Courts Service for Courts Summons and Charges. Ms B Stuart was not involved in any decision making process for any of these transactions.

18. KEY FINANCIAL TARGETS

There were no key financial targets for the Probation Board.

19. FINANCIAL INSTRUMENTS: DISCLOSURES

IFRS 7, Financial Instruments: Disclosures, requires disclosure of the role which financial instruments have had during the year in creating or changing the risks an entity faces in undertaking its activities. Due to the non-trading nature of its activities and the way in which executive Non-Departmental Public Bodies are financed, the Probation Board is not exposed to the degree of financial risk faced by business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which IFRS 7 mainly applies. The Probation Board has no powers to invest funds and has limited year end flexibility. Financial assets and liabilities are generated by day to day operational activities and are not held to change the risks facing the Office in undertaking its activities. As permitted by IFRS 7, receivables and payables which mature or become payable within 12 months from the statement of financial position date have been excluded from this disclosure.

Liquidity Risk

The Probation Board's revenue resource requirements are financed by resources voted annually by the NI Assembly, just as its capital expenditure largely is. The Probation Board is not therefore exposed to significant liquidity risk.

Interest Rate Risk

The Board has no loans on which interest is payable and is therefore not exposed to any significant interest rate risk.

Foreign Currency Risk

The Probation Board has no foreign currency income and expenditure is restricted to secondee payments and some other operating costs. It is not therefore exposed to significant foreign currency risk.

Fair Values

The book values and fair values of the Probation Board's financial assets and financial liabilities as at 31 March 2016 are set out below:

Primary Financial Instruments	Book Value	Fair Value
	£'000	£'000
Financial assets:		
Receivables amount due after one year	21	21
Financial liabilities:		
Cash and cash equivalents	-	-

20. EVENTS AFTER THE REPORTING PERIOD

There are no material events after the reporting period.

Date of authorisation for issue

The Accounting Officer authorised the issue of these financial statements on 27 June 2016.

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